NON-STATE PROVIDERS OF BASIC SERVICES

Commissioned by Policy Division, Department for International Development (DFID), UK

COUNTRY STUDIES

Nigeria: Study of Non-State Providers of Basic Services

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<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>CBCN</td>
<td>Catholic Bishops Conference of Nigeria</td>
</tr>
<tr>
<td>CCN</td>
<td>Christian Council of Nigeria</td>
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<tr>
<td>CHAN</td>
<td>Christian Health Association of Nigeria</td>
</tr>
<tr>
<td>CHANDSS</td>
<td>CHAN Drug Supply Services</td>
</tr>
<tr>
<td>CIDJAP</td>
<td>Catholic Institute for Development Justice and Peace</td>
</tr>
<tr>
<td>DFID</td>
<td>Department for International Development</td>
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<tr>
<td>ESWC</td>
<td>Enugu State Water Corporation</td>
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<tr>
<td>FCT</td>
<td>Federal Capital Territory</td>
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<tr>
<td>FMoH</td>
<td>Federal Ministry of Health</td>
</tr>
<tr>
<td>FMWR</td>
<td>Federal Ministry of Water Resources</td>
</tr>
<tr>
<td>FMWRRD</td>
<td>Federal Ministry of Water Resources and Rural Development</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GTZ</td>
<td>Deutsche Gesellschaft für Technische Zusammenarbeit. (German Corporation responsible for international technical cooperation)</td>
</tr>
<tr>
<td>LSWC</td>
<td>Lagos State Water Corporation</td>
</tr>
<tr>
<td>NAFDAC</td>
<td>National Agency for Food and Drug Administration and Control</td>
</tr>
<tr>
<td>Naira</td>
<td>(₦) Nigerian Unit of currency. The current exchange rate is approximately $1 = ₦140.</td>
</tr>
<tr>
<td>NAPPMD</td>
<td>Nigerian Association of Private Patent Medicine Dealers</td>
</tr>
<tr>
<td>NCMAC</td>
<td>Northern Christian Medical Advisory Council</td>
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<tr>
<td>NDLEA</td>
<td>Nigerian Drug Licensing Authority</td>
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<tr>
<td>NGO</td>
<td>Non Government Organization</td>
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<td>NID</td>
<td>National Immunization Days</td>
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<td>NSP</td>
<td>Non State Providers</td>
</tr>
<tr>
<td>PCN</td>
<td>Pharmacy Council of Nigeria</td>
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<tr>
<td>PMD</td>
<td>Patent Medicine Dealer</td>
</tr>
<tr>
<td>PPIAF</td>
<td>Public-Private Infrastructure Advisory Facility</td>
</tr>
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<td>PPMVL</td>
<td>Patent and Proprietary Medicines Vendors Licensing</td>
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<tr>
<td>PRSP</td>
<td>Poverty Reduction Strategy Programme</td>
</tr>
<tr>
<td>PSP</td>
<td>Private Sector Participation</td>
</tr>
<tr>
<td>RDS</td>
<td>Riveroaks Drake and Sweeney Ltd.</td>
</tr>
<tr>
<td>RUL</td>
<td>Riveroaks Utilities Ltd.</td>
</tr>
<tr>
<td>SMoH</td>
<td>State Ministry of Health</td>
</tr>
<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>-----------</td>
<td>-------------------------------------------------------------</td>
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<tr>
<td>STWSSP</td>
<td>Small Towns Water Supply and Sanitation Programme</td>
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<tr>
<td>TBA</td>
<td>Traditional Birth Attendant</td>
</tr>
<tr>
<td>UNICEF</td>
<td>United Nations Children’s Fund</td>
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<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
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<tr>
<td>WCA</td>
<td>Water Consumer Association</td>
</tr>
<tr>
<td>WHO</td>
<td>World Health Organisation</td>
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<tr>
<td>WSP</td>
<td>Water and Sanitation Partnership</td>
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1. PURPOSE OF THE STUDY

1. The underlying premise of this study of Nigeria and five other countries is that poor people get many of their basic health, education, and water and sanitation services from non-state providers. DFID, the sponsor of the studies, is concerned to know how governments may work with the non-state sector so as to increase the latter’s incentive to offer quality services to the poor. We are asked to analyse what makes selected government ‘interventions’ succeed or fail, and how donors may support effective government engagement. The primary purpose of each country study is to provide sufficient evidence to allow the researchers to draw up guidelines on working with the non-state providers that matter most to the poor, while recognizing the need for different strategies in different contexts.

2. The team of researchers, based in the UK and Nigeria, was asked to identify and describe a few selected cases of government (or civil society organizations in place of government) intervention to support the delivery of services by non-state providers (NSP) in three service sub-sectors: primary education, primary healthcare, urban drinking water supply and sanitation. These cases are intended to be illustrative of the use of different instruments of intervention; they are not intended to be in-depth or comprehensive studies of non-state provision in the three sectors. They could cover any for-profit or not-for-profit provider, but DFID asked us to give special attention to the smaller and more informal types.

3. The sector studies that are the basis of this report are annexed. They adopted a common approach to (i) selecting examples of intervention and describing their background and context, (ii) describing the intervention and analysing its performance, and (iii) explaining performance in terms of the interests, institutional and organizational constraints and opportunities affecting the intervention. The studies focused on three broad forms of government (or civil society) intervention or action:

   i) Dialogue between state and non-state actors in deciding and reviewing policy and legislation about standards and regulatory systems.

   ii) The implementation of interventions to regulate non-state providers by government and independent bodies by formal regulation or oversight.

   iii) The implementation of interventions to:
   (a) commission service delivery
   (b) facilitate or support non-state providers.

4. This main report is structured as follows. Section 2 describes the policy context of government relationships with NSPs, setting out the background and current policy environment. Section 3 provides a brief overview of the case studies and rationale for selecting them. Section 4 describes the arrangements for and the nature of policy dialogue between government and NSPs, whilst Section 5 examines the issues of regulation of NSPs by government and their accountability to service users. Section 6 provides an overview of the role of
NSPs in service delivery across the three service sectors. The issue of facilitation of NSPs by government is discussed in Section 7, and Section 8 draws some general conclusions.

5. The sector studies are annexed to the main report. They provide more details for those interested in any particular sector.

2. THE POLICY ENVIRONMENT OF GOVERNMENT’S RELATIONSHIP WITH NON-STATE PROVIDERS

2.1 General context

6. With a population estimated at 130 million, Nigeria is Africa’s most populous nation. According to the UNDP Human Development Report 2002, Nigeria has a relatively low human development index; it is ranked 148 out of 173 countries. Life expectancy at birth is 51.7%; adult literacy rate is 63.9% with a combined primary, secondary and tertiary gross enrolment ratio of 45%. GDP per capita is US$896 (at purchasing power parity) (UNDP, 2002; Otobo, 1999). In the year 2000, 43% of the population were not using improved water sources (UNDP, 2002), though for urban dwellers about 81% had access to improved water supply in 2000 (WHO/UNICEF, 2000 cited in Jawara, 2004). In addition 70.2% of the population were below the income poverty line of US$1 (UNDP, 2002), though some other sources estimate this as 40-60 per cent (see the Drivers of Change study - Heyman and Pycroft, 2003). The infant mortality rate is about 110 per 1000 (year 2000).

7. The World Bank’s Voices of the Poor study (2002) lists the main causes of poverty as livelihood and employment insecurity, crime and conflict, and social exclusion. The poor generally face severe problems in access to public services, with women facing particular problems of lack of opportunities and having limited coping strategies. Persistent under-funding, especially for social services like education and health, has undermined attempts to improve service delivery and living standards. A major explanation for this lies in Nigeria’s political economy - characterised by the excessive dependence on oil as source of revenue, and the neglect of other sectors such as agriculture. This is combined with past mismanagement and what some external observers have described as ‘psychotic corruption’, which has denied investments in social infrastructure necessary to expand and improve on public services.

8. Taken together, these background and contextual factors provide the economic, social and political imperatives in response to which governments and non-state providers have to work together to improve the quality of life and make progress towards achieving the MDGs. DFID’s Drivers of Change studies for Nigeria suggest that improving fiscal management is a prerequisite for improving the effectiveness of publicly provided social services and infrastructure. The infrastructure to enable and support private-led growth is generally poor.

9. Nigeria has vibrant entrepreneurial energy which, given the right environment and support, could be channelled into mutually beneficial service delivery. The
country also has a wide range of civil society organisations, many of which are active in advocacy and in service delivery to the poor, though some are for narrow ethnic and other interests and have militant tendencies. Some of these emerged in response to repressive military regimes (Ayo, 2004). The 1980s and 1990s saw the proliferation of both formal and informal NSPs in service delivery. This is explained partly by state failure in service delivery and partly by difficult governance context in response to which some bilateral and multilateral development agencies and voluntary organisations have channelled assistance through non-governmental sources. The return to democratic governance since 1999 has also created a more tolerant environment for civil society groups.

10. The return to democratic governance, after long years of military rule, was widely seen as providing opportunities to positively re-engage with civil society organisations and the private sector. However, lack of significant reforms in 1999-2003 meant that expectations of improvements in service delivery have largely not been met. The constitutional powers and resources granted to states and local governments give those with commitment the opportunity to bring service delivery to communities by engaging with the private and voluntary sectors. A few positive cases of reform have emerged to improve management and service delivery, as well as involving the private sector (e.g. Bauchi, Lagos and Cross River State). The Lagos State government introduced a private sector participation initiative in water supply services with a target of increasing delivery of water to Greater Lagos by 160 per cent by 2020, under a lease or concession contract. Also the Small Towns Water Supply Sanitation Programme is based on the concept of community ownership and management, and if successful, will substantially increase the role of non-state providers in water supply. Another clear example of a deliberate government policy of engagement with the private sector is the Karu-Maraba Concession in Nasarawa State (see Water annex).

11. The ongoing privatisation process may potentially generate improvement in service delivery and strengthen the demand for improvements to the regulatory system (Drivers of Change, Nigeria). Commercialisation and privatisation are proclaimed policy priorities, but progress has been slow and limited.

12. With regard to the specific sectors in question, the policy environment seems to differ across sector and types of NSPs.

2.2 Education context

13. Education policy in Nigeria has a an unstable history, as is the relationship between government and NSPs. A recent Education Sector Review by Federal Ministry of Education (2003, cited in Education annex to this report) suggests that education policies of successive Nigerian governments have changed according to prevailing political and economic conditions. In the 1950s regional governments introduced free and compulsory primary education, following the Dike Commission report of 1951. Governments supported voluntary agency (mainly mission) schools through grants and sought to control them through inspections and setting of standards. For-profit private schools were largely a post independence phenomena.
14. Education policies varied across regional governments. It was not until the 1970s that the federal government was able to enforce more uniform education policies. These were the oil boom years, which saw the public takeover of grant-aided schools in most states, the launching of a national scheme for universal primary education (UPE) in 1976, followed by the publication of a comprehensive National Policy on Education in 1977. In response to the UPE, primary school enrolment doubled. However, poor planning meant that the government system was unable to cope with increasing numbers. The economic crisis of the 1980s, coupled with increasing demand and the poor performance of some public schools led to the proliferation of private schools.

15. The 1998 National Policy of Education, makes primary education free and universal but encourages private sector participation. Among other things, the policy states that:

“Government welcomes the contributions of voluntary agencies, communities and private individuals in the establishment and management of private schools alongside those provided by the state and local governments, as long as they meet the minimum standards laid down by the Federal Government”

16. Lagos State government also has a policy of encouraging private and voluntary sector participation in education. The current policy environment seems more tolerant to NSP participation than in the 1970s and 1980s, though financial support in the form of subsidies and grants is rather rare.

2.3 Health context

17. The immediate post independence period in the 1960s and the oil boom in the 1970s brought with them an expansion of government investment in social sectors, including health. However, economic crisis and structural adjustment in the 1980s, and the long years of corrupt military rule into the 1990s contributed to the serious deterioration in infrastructure and the quality and quantity of basic services. In the health sector, this decay was characterised by the lack of equipment and drugs in hospitals, demoralised staff, breakdown of supervision, rent seeking behaviour by providers, and consequent lost of trust in public delivery (Standing and Bloom, 2002; Lucas et al 1999, cited in Health annex). The poor quality of service delivery in the public health sector and the introduction of user charges meant that most poor people turned to alternative service providers in the non-state sector.

18. The current goal of the National Health Policy is to create a comprehensive health care system, based on primary health care to every citizen within available resources. This is ambitious and requires active participation by the non-state sector to make it a reality. In recognition of this, government policy is to involve the private sector in the formulation of health policy and delivery of health care. Following the Abuja declaration of 1995, the National Health Policy of 1998 was to be reviewed and
modified to include adequate provision for private sector participation in health policy development (African Review World of Information, 2002, cited in Health annex).

2.4 Water context

19. In the case of the water sector, NSP participation is relatively recent. It has been the policy intention of the federal and some state governments to attract international private sector participation since the mid-1990s. The National Water Supply and Sanitation Policy outlines a reform agenda that includes private sector participation. However, as Jawara (2004) notes in the Water Sector annex to this report, implementing the policy will require “major attitudinal shifts … on the part of organisations at all levels”, as well as an enabling legal environment. The ongoing Urban Water Sector Reform Project, which is supported by the World Bank, includes the identification of private operators to manage water supply in up to six urban centres.

20. Engagement with informal NSPs (e.g. water vendors and tanker drivers) is difficult. They have often emerged because of the failure of the public service delivery systems, forcing governments to engage with them by registration and licensing and providing some support. They are largely seen by government as a ‘necessary evil’ that has to be tolerated. The government’s attitude towards them is mainly negative.

3. SELECTING CASE STUDIES

21. The case studies were selected to reflect the research agenda and based on initial screening of NSPs by our Nigerian team. In consultation with DFID-Nigeria, the team focused its work on three States - Lagos, Enugu and Abuja (the Federal Capital Territory). In addition to the above, the water sector included two reference case studies - the Small Towns Water Supply Sanitation Programme (STWSSP) and the Karu-Maraba concession (Nasarawa State). These two reference case studies illustrate examples of commissioning of service delivery through leasing and concession contracts with NSPs. Together, the selected case studies illustrate both formal and informal, and for-profit and not-for-profit NSPs. We examined the different NSP providers and the types of relationship with government, as well as government and community involvement across the broad intervention types. It is apparent from the cases selected that in only a few had there been a deliberate strategy by government to engage with NSPs. In most cases, NSP activities have emerged by default, due to failures of state provision. Beyond the case studies, we also explored the issues of policy dialogue between NSPs and government and interventions to regulate and facilitate NSPs.
Table 1: Cases Studied in Nigeria

<table>
<thead>
<tr>
<th>Function examined</th>
<th>NSP organization</th>
<th>Type of organization</th>
<th>Relationship with government</th>
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<tbody>
<tr>
<td><strong>Education</strong></td>
<td></td>
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</tr>
<tr>
<td>Regulating unapproved schools</td>
<td>Association of Formidable Educational Development</td>
<td>Group of private for profit, unapproved/unregistered schools; semi-formal</td>
<td>Antagonistic; threats of closure to enforce the law and standards by state governments.</td>
</tr>
<tr>
<td>Regulation: Supervision/inspections of private schools</td>
<td>Association of Private Proprietors of Schools</td>
<td>Approved private for profit schools, formal</td>
<td>Supervision and inspection by state governments</td>
</tr>
<tr>
<td><strong>Water and sanitation</strong></td>
<td></td>
<td></td>
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<tr>
<td>Registering and working with water tankers (Enugu State Water Corporation)</td>
<td>Individual water tanker drivers, with a strong association</td>
<td>Private for profit/informal and small</td>
<td>Regulation through registration/and provision of approved water sources for water tanker drivers</td>
</tr>
<tr>
<td>Licensing water vendors (Lagos State)</td>
<td>Private water vendors</td>
<td>Small, informal, private for profit</td>
<td>Licensing water vendors; technical support from Lagos State Water Corporation for connections to public network</td>
</tr>
<tr>
<td>Community ownership and contracting out</td>
<td>Small towns water supply sanitation programme</td>
<td>Formal, community water associations</td>
<td>Federal and state government share cost of construction with CWAs. Ownership transferred to CWAs who then contracts out operations and maintenance.</td>
</tr>
<tr>
<td>Commissioning service delivery: Concession</td>
<td>Karu-Maraba Concession run by Riveroaks Utilities Ltd.</td>
<td>Private for profit, formal</td>
<td>Concession contract with state government; government owns 15% shares in company.</td>
</tr>
<tr>
<td><strong>Health</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regulation of over-the-counter medicine</td>
<td>Patent medicine dealer</td>
<td>Informal &amp; small private for profit provider</td>
<td>Indirect regulation/licensing through a professional body.</td>
</tr>
<tr>
<td>Coordination/facilitation of health service delivery</td>
<td>Christian Health Association of Nigeria (CHAN)</td>
<td>Umbrella-based org./not for profit</td>
<td>Representation of interests of members and policy dialogue with government</td>
</tr>
<tr>
<td>Facilitating and commissioning service delivery</td>
<td>Traditional birth attendant</td>
<td>Informal, private for profit</td>
<td>Government commissions child immunisation through TBAs</td>
</tr>
</tbody>
</table>

4. POLICY DIALOGUE BETWEEN GOVERNMENT AND NSPS

22. Across the three sectors, some civil society groups have emerged and become sufficiently organised to engage with government. For example, a Grand Alliance for Poverty Reduction was launched to create capacity in community organisations and NGOs for policy and understanding of the policy process. Most NSPs tend to have dialogue with government through their professional or umbrella associations.

23. In the health sector, we identified two main umbrella organisations that dialogue with government. These include the National Association of Private and Patent Medicine Dealers (NAPPMD), which act on behalf of their members on issues such as policy and legislation, regulatory and support systems. The Christian Health Association of Nigeria (CHAN) is a major umbrella organisation in the health sector. Its original mandate was to represent the views of the Nigerian
voluntary medical organisations in government but, over the years, this mandate has shifted more to providing support to its member institutions in delivering good quality and affordable services, especially to poor and marginalised groups (Nwaorgu and Vyas, 2004, Health annex). In recent years, the membership has expected CHAN to play a strong advocacy role on their behalf. Given that CHAN provides a significant proportion of health care and has a strong membership throughout the country, it is surprising that it has not used its position strategically to engage government in dialogue.

24. Like health, the mechanism for policy dialogue between government and NSPs in the education sector is normally through umbrella associations. We identified three groups in the education sector. These were the Association of Formidable Educational Development (AFED), the Association of Private Proprietors of Schools (APPS) and a coalition of NGOs working in the education sector. Both AFED and APPS were formed not only to represent and protect their members but also to lobby and engage government in policy dialogue. APPS does participate in discussions on Education for All (EFA) policy process, but AFED does not because its members are not recognised and approved by government.

25. A number of NGOs are also involved in advocacy work aimed at influencing government policy. The Civil Society Coalition on Education for All (CSCEFA) is an umbrella organisation of NGOs working in the education sector. It has over 140 members covering 29 states of Nigeria. Its goal is to “increase the democratisation of education policy and decision-making through the full participation of Civil Society at all levels and in all processes.” (CSCEFA, Profile). It is actively engaged in policy dialogue with governments at federal and state levels, as well as with donor agencies in Nigeria in order to ensure access to free, compulsory and qualitative education for all.

5. REGULATION AND ACCOUNTABILITY TO CLIENTS

26. Across all three sectors, private activity to compensate for service delivery failures is largely unregulated, not guided by overarching policy plans, and often a matter of crisis management by firms and households trying to cope with undeveloped public services (Heyman and Pycroft, 2003). In federal and state governments seem to be relatively good at regulating entry (through registration and licensing), but they are ineffective in regulating quality and standards of operations. This is especially difficult in the case of small, informal providers. What follows is a review of regulation and accountability in the three sectors.

27. The regulation of patent medicine dealers (PMDs) is a good example of government intervention to regulate NSPs. This is a new initiative started in April 2003. It involves the attempt by government to regulate over-the-counter drug distribution through an independent professional body - the Pharmaceutical Council of Nigeria (PCN). Prior to this, the Federal Ministry of Health through the State Ministry of Health performed the role. The rationale for regulation includes quality assurance (e.g. control of fake drugs) and limits on types of drugs that can be sold over the counter by PMDs.
28. In drinking water supply, regulation takes the form of registration and licensing of vendors and authorised connections (Lagos) and registration of tanker trucks and ensuring that they use only authorised water sources (Enugu).

29. Whilst government capacity to regulate NSPs is generally weak, this is worst in the case of small and informal service providers like PMDs and water vendors. In all three sectors, it is apparent that the state is unable to enforce any form of price regulation and quality control is weak. Unregistered and illegal operators are common problems in the water sector in Lagos, making control and collection of fees difficult.

Box 1: Regulating private medicine vendors

Regulating the sale of medicine or drugs directly to the public is a major responsibility of government. Like most developing countries Nigeria has a large network of private medicine vendors or dealers, who sell medicine over the counter to clients, especially to poor people. The poor normally patronise them because they tend to sell drugs in smaller quantities. Regulating these operators has been a major challenge to the Federal Government. Weak capacity, failed regulatory arrangements and poor enforcement have allowed the supply of fake and poor quality drugs on the market, selling of prohibited drugs by medicine vendors and unlicensed dealers. These were the main motivations for government intervention. In April 2003, the Federal government delegated the regulation of private medicine dealers to the Pharmaceutical Council of Nigeria (PCN), an independent professional body. A separate body, NAFDAC, is responsible for drug and product registration and regulation, imports and exports, control of fake products. Whilst the Federal Ministry of Health formulates the relevant policies and provides directives, it is a responsibility of the PCN to ensure compliance to those directives. The guidelines cover the issuance of vendors’ licenses and list of approved patent medicines.

The PCN, on its own does not have the capacity to cover all the states. It therefore operates through committees (Patent and Proprietary Medicines Vendors Licensing committee) set up in each state. Among other things, these committees are responsible for assisting the PCN in licensing and monitoring PMDs, collecting licensing fees, providing accredited inspectors and keeping a list of PMDs. Funding for PCN’s regulatory functions comes from registration fees. The registration and licensing processes include sitting and passing a short test and interview designed to test literacy and basic knowledge of the guidelines. NAFDAC and the PCN jointly monitor drug quality in PMDs through on the spot checks in stores.

Anecdotal evidence from Lagos State suggests that the registration and licensing of PMDs have been successful to some extent. However, in Enugu State, a group of PMDs were planning to sue the government because of the perceived conflict of interests inherent in the role of the PCN. The PCN is seen as representing the interests of pharmacies which are in competition with PMDs.

Overall, the intervention is innovative but its effectiveness is too early to judge.

Source: Nwaorgu and Vyas, 2004, Health sector annex

30. Some provider associations (e.g. the tanker drivers’ association, CHAN, and PMDs) claim to perform some self-regulatory function by providing guidance to and enforcing discipline among their members. The effectiveness of this form of self-regulation was difficult to verify.

31. Overall, user control over providers is generally weak or nonexistent. In both Lagos and Enugu, the general perception was that the provider associations,
especially in the water sector, were too powerful and out of control. Service users therefore seem to have resigned themselves to accept service provision, especially when there are no other alternatives. In cases where there are alternative sources and competition (e.g. PMDs, water vendors in Lagos, and private schools) the market seems to work to control prices and quality of services. In the case of education there is some client control through Parent Teacher Associations and representation of parents on the board of governors which give parents voice in the operation of schools. Anecdotal evidence from the case studies suggests that these are more organised in the approved than in the unapproved schools. In addition parents look at the performance of schools in making decisions on where to take their children since they are paying for it. To some extent, the discipline of the market works in the private-for-profit sector.

32. Regulation of the education sector deserves some further mention. It is the responsibility of government to set and monitor standards in education in both the state and non-state sectors. The Federal Ministry of Education has established guidelines on ‘Minimum Standards in Schools Nationwide’. These guidelines provide a basis for each state to publish and enforce its own guidelines. It is the responsibility of the Inspectorate Division of the Ministry of Education in each state to ensure compliance to these standards. In principle, the responsibilities for the supervision and inspection of schools is shared among the three tiers of government but in practice there is lack of clarity and coordination of roles and activities. Lagos State has a department responsible for private schools whilst Enugu State plans to establish a State Private Education Board. However, the capacity to undertake regular inspections and monitoring is often overstretched in both states. Consequently, inspections are not carried out as regularly as they should be.

33. The case studies in the education sector illustrate the weak capacity of government to enforce standards and regulation, especially where small and informal NSPs are involved. They also show difficult relationships between government and NSPs. Box 2 illustrates the case of unapproved schools in Lagos. The regulation (monitoring and inspection) of approved schools is less problematic than unapproved schools since the former have known addresses or locations. It is interesting to note that in both Lagos and Enugu APPS members have lobbied the government to close down unapproved schools, on the grounds that they offer sub-standard education. But in reality, this is due to rivalry and competition between the two groups.
Box 2: The challenge of regulation – unapproved schools in Lagos

The Association of Formidable Educational Development (AFED) was formed in 2000. It represents a large group of (1,400) unapproved schools in Lagos State that are threatened by government closure because they do not meet the criteria for registration or approval. Over one million children (about 40% of total primary school enrolment) are estimated to be in unapproved schools.

Whilst AFED is a legally registered association, its members are unregistered and therefore operate illegally. AFED is now a national network, with branches in other states. The association seeks to influence government policy and legislation regarding the criteria and procedure for registration and approval of schools. The criteria and the cost of registration are disincentives, especially for small-scale providers. APED mounted an unsuccessful legal challenge to the government. So far it has managed to use its political influence, media campaigns, and mobilisation of support from chiefs and the local community to prevent government from closing them down.

This case illustrates government inability to enforce regulation and lack of a compliance culture. The government also faces a moral dilemma about where to locate the over one million children in the unapproved schools in Lagos, which largely serve poor urban and peri-urban communities.

6. NSPS AND SERVICE DELIVERY

34. Nonstate providers have always been an important part of service delivery in Africa, especially in the basic health and education sectors (Olowu, 1999). Nigeria is no exception. Faith-based organisations (FBOs), in particular, have been prominent in basic health and education to poor and rural communities, along with a significant proportion of private for-profit providers in cities and big towns. In Nigeria, NSPs seem to be more prominent in education and health sectors than in drinking water supply.

35. In the case of health, FBOs in Nigeria provide about 60% of health care, especially in remote and rural communities. For example, through its 400 member institutions, CHAN operates throughout Nigeria, and provides about 40% of health care in Nigeria, especially in rural areas. It is the oldest and largest provider of both secondary and primary health care services outside government. The case of traditional birth attendants in Enugu also demonstrates how government uses an informal NSP to deliver child immunisation services. Private and patent medicine dealers are also an important link in the drug distribution chain, selling approved over-the-counter medicine to consumers. Their role is crucial for poor consumers who cannot afford to buy drugs in packets from pharmacies, though their prices are not necessarily cheaper than those of pharmacies.

36. In drinking water supply NSPs also fill an important gap where the public networks do not reach a large proportion of growing urban populations, as is the case in Enugu and Lagos. In the case of Enugu, the State Water Corporation (ESWC) serves only about 50 to 60 per cent of the population. There are over 200 water tanker trucks serving the rest of the city and its environs from five dedicated water-filling points developed and financed by ESWC. The Nasarawa concession and the STW SSP have also extended the provision of portable drinking water and sanitation services to areas that were hitherto not served.
These non-state providers are not necessarily pro-poor in terms of prices, but their operation has extended improved drinking water supply to poor communities.

37. As noted earlier, NSPs, particularly mission and community schools, have been a prominent part of the provision of basic and secondary education since the 1950s. Despite the nationalisation of the 1970s, a combination of factors ensured their continued prominence. These include the poor quality of some public schools, the inability of public schools to cope with demand following UPE in 1976, economic crises of the 1980s, the resistance of voluntary private schools to nationalisation, and the inability of government to enforce the law. These factors and the changing governance context since the 1990s have led to the proliferation of private schools. The Education sector study suggests that up to 20% of primary schools in some states are private, though this figure is much higher in some states such as Lagos, where there are more private than public school. This figure could be much higher if one adds unregistered or unapproved schools, but the problem varies across states.

38. In terms of quality, standards and performance, three levels of NSPs may be identified in basic education. The first are the élite private and voluntary schools, which usually compete with the best state schools. These are expensive and difficult to get into and have tended to benefit children from privileged and rich backgrounds. The second category are schools in the middle range which may be affordable to a large number of working class families, but often too expensive for children from poor backgrounds.

39. The third category is the poor, often unregistered schools. This third category of schools is usually located in poor urban communities. They provide access to a large number of children from poor backgrounds who are either unable to gain access to ‘free’ public schools or cannot afford to pay for a good private school. Most of the schools under AFED will fall in this category. The fact is that state governments cannot afford to provide free and universal basic education to all children. NSPs therefore fill an important gap in the provision of basic education.

7. FACILITATION OF NSPS BY GOVERNMENT

40. In the past, the government attitude towards NSPs has been one of indifference at best, and sometimes hostility with lack of appreciation of the role of NSPs, especially small and informal ones. In recent years the governments have recognised the importance of non-state providers in service delivery. One of the key challenges for increasing NSP participation in service delivery is that the state must provide not only an enabling environment, but also a regulatory environment that that does not paralyse the providers. This section reviews examples of government facilitation of NSPs across the three sectors.

7.1 Education

41. In education, the current policy is to encourage the non-state sector to participate in education provision. However, this remains at the level of rhetoric rather than real practical support and the creation of an enabling environment. As the education annex points out, the standards set by government for the registration
of private schools are so rigid and difficult that even some state schools would fail to meet the criteria.

42. Federal and state governments provided grants and subsidies and other forms of support to some NSPs in the education sector in the pre- and post-independence periods. These included capital grants and payment of teachers’ salaries. The nationalisation of schools in the 1970s and the economic crisis of the 1980s meant that financial support either stopped or became unreliable in most states. In the case studies examined in Enugu and Lagos, government support to private schools has largely taken the form of organising workshops on various issues in education and providing textbooks to NSPs.

7.2 Health

43. Government support to NSPs in the health sector has been quite limited. The health sector study showed that support to PMDs has been mainly in the form of orientation and training organised for PMDs by NAFDAC and other state institutions. Support to CHAN mostly comes from external sources. Government subsidy to the organisation stopped in the 1990s, whilst exemption from tariffs on imported drugs for CHAN members was withdrawn about three years ago. Consequently, CHAN is no longer able to fulfil the expectation of its members, in terms of supply of affordable drugs. It appears communication with government has not been as good as before.

44. In Enugu, the state government, working with NGOs, has been involved in providing capacity development support to TBAs in order to enable them to provide immunisation services to children. This is principally because of the need to improve child immunisation. The government provides all the equipment required to the TBAs.

7.3 Water

45. In the case of the water sector in Lagos and Enugu, the role of government in relation to NSPs has taken the form of facilitation and regulation. As noted earlier, in Enugu, the State Water Corporation has financed the development of five filling points from where it sells water to tanker trucks for distribution. As Jawara notes, this service arrangement provides improved access to the poor, particularly in areas that are not covered by the public network. However, it is not necessarily pro-poor, as tankers do not lend themselves to delivery of the small quantities of water required by the poor. In Lagos, the State Water Corporation permits the connection of licensed private water vendors to its network (for a fixed fee) in order to sell and distribute water to communities outside the public network. The vendors typically operate in poor communities that are not served by the public network. However, these connections tend to put a lot of pressure on a public network that is already overstretched and thus lower the quality of service to networked areas.

46. The Small Town Water Supply Sanitation programme (STWSSP) and the Karu-Maraba concession in Nasarawa State are examples of a deliberate government policy of engagement with NSPs, directly or indirectly. In the case of the former,
the central and state governments provide 60% and 30% of the cost of construction respectively, and Water Consumer Associations (WCA) pay 10%. On completion the facility is handed over to the WCAs to own and manage. Under the programme WCAs are expected to engage private sector providers to undertake operation and maintenance of the water supply on their behalf. According to Jawara, this arrangement is now operational in six towns as part of a pilot, with the intention of extending it to the rest of the country. Under the STWSSP, there are programme-coordinating units to support communities in various aspects of programme development, including the establishment and training of WCAs.

47. Despite their contributions to service delivery, state officials do not see small and informal providers as a long-term solution to the problems of service delivery. This attitude was particularly noticeable in the water sector in Lagos and Enugu, and to some extent in the health and education sectors. Government officials prefer that investment and support should rather be channelled to the public sector to help expand and improve public service provision.

8. GENERAL CONCLUSIONS

48. A number of conclusions can be drawn from the case studies in the three service sectors:

- It is apparent that NSPs fill a very significant gap in basic service provision, where state provision is either inadequate or has failed. Their role seems to be more substantial in health and education, where there is a long tradition of NSP participation. Their role in the provision of drinking water is increasing by default due largely to increasing urbanisation and the inability of public networks to cope with expansion. The long-term goal of some state governments is to attract private sector investment into the water sector.

- Despite the significance of NSPs in service delivery, the attitude of governments toward them, especially the small and informal ones, may be characterised as indifference and tolerance in the short term. The current policy environment is attempting to encourage the formal private and voluntary sectors to participate more in service delivery.

- Small and informal providers tend to serve the poor, but they are not necessarily pro-poor in terms of cost.

- There is a fairly good regulation of NSPs governing entry through registration and approval (education) and licensing (health and water), but it is more difficult to monitor the quality and standards of delivery once entry is gained. In general regulation of NSPs is a major challenge for government in all sectors. In particular the regulation of small providers is difficult.

- Accountability to service users is generally weak. However, NSPs are more exposed to competition and thus provide more choice to service users, especially in education and health.
• Dialogue between government and NSPs on policy matters is not institutionalised, but rather sporadic. This often takes place through umbrella NSPs or associations seeking to influence government on behalf of their members. These umbrella organisations are potential partners in improving the quality and coverage of service delivery if governments can provide support and adopt a more positive attitude towards them. The potential for self-regulation through these associations is also worth exploring and developing.

9. REFERENCES


1. INTRODUCTION

1.1 Nigeria Profile: Health

1. In 2000, Nigeria had a birth rate of 39.69 per 1000, and a death rate of 13.91 per 1,000. Life expectancy was 51 years, and the infant mortality rate stood at 110 deaths per 1,000 live births. The fertility rate was high at 5.6 children born per adult woman while the maternal mortality rate was 1 per cent of live births. Nigeria has a large number of children under the age of five suffering from severe to moderate malnutrition, with an estimated 43 per cent of children suffering stunted growth. Nigeria has a growing problem of HIV/AIDS as well as a significant rise of other non-communicable diseases. The adult HIV rate was 5.8 percent in 2002. In 2001, there were 9,496 deaths from AIDS. (Africa Review World of Information, 2002).

2. In 2001, health expenditure in Nigeria stood at 0.7 per cent of GDP, of which the public expenditure share was 0.2 per and the private expenditure share was 0.5 per cent. Health expenditure per capita stood at US $ 23 in 2002. Approximately 2 physicians and 17 hospital beds per 10,000 people were available (Africa Review World of Information, 2002).

1.2 Overview of Non State Health Providers and their characteristics

3. Non State Providers (NSP) of health, may be defined as all providers who exist outside the public sector. They are both for profit and not-for profit providers, whose activities are intended to treat illness or prevent disease. Some examples of for profit NSPs include, commercial companies both large and small, and private doctors. Not-for profit NSPs include, Non Government Organizations (NGO), and Faith Based Organizations (FBO). NSPs are a significant part of the health system in developing countries, and so are an important focus for governments, which aim to improve the performance of their health system.

4. NSPs are not distinct from public providers in all cases, and there can be considerable blurring between them (Mills et al, 1997). Publicly employed staff, e.g. doctors, nurses and midwives, may practice privately, either legally or illegally, on their own account, or working for a private facility owner.

1.3 Health care provision in Nigeria

5. Before the arrival of Europeans in Nigeria, traditional medicine was the only recognised form of indigenous medical practice. The advent of the church missionary society in Nigeria in 1850 marked the beginning of modern scientific medicine (Schram 1970, 1980). The establishment of the colonial government, however, meant that the predominant proportion of modern health care, was provided by the government, the Christian medical missions, and a small proportion of independent private medical practice (Lucas 1980).
6. During the colonial time, and shortly after independence, most government hospitals provided special facilities for civil servants, while the Christian medical missions provided hospitals and community care for the vulnerable (Lucas 1980).

7. The oil boom years, which began shortly after the end of the Nigeria civil war in 1970, coincided with a rapid expansion in health facilities. However, charging for health services, which began in 1984 was a major departure from the pre and post independence eras. This was due to the collapse of high export prices for petroleum, and a weak Naira, which led to a sharp increase in the cost of medical treatment. Between 1986 – 1990, government allocation of resources to the health sector ranged from, US 42 cents to US 62 cents per capita, an amount grossly inadequate to treat an attack of malaria (Popoola 1993).

8. The rising cost of health services, the imposition of user charges and fees, and the lack of equipment and drugs in government hospitals, resulted in dwindling numbers of people attending public facilities. The collapse of the government health care system, increased the proliferation of private medical practice, and the establishment of private hospitals and clinics including, the purchase of drugs from private medical dealers. Though some private hospitals and clinics charge exorbitant prices, some adopt a flexible pricing system that enables low-income carriers to benefit from services they provide (Orubuloye and Oni 1996).

9. During the 16 years of military rule in the 1980’s and 1990’s, facilities, infrastructure and services such as health, education, housing and sanitation deteriorated. It became increasingly difficult for most people to afford even basic services. Many Nigerians still do not have access to primary health care. which seriously declined, exemplified by low-level coverage of immunization and essential drug supply. Other examples of the decay in Nigeria’s primary health care infrastructure are: absence of staff from posts; lack of equipment and drugs; breakdown of supervision; and rent seeking behaviour by providers. (Standing and Bloom, 2002).

10. An evaluation of the Benue Health Fund (an innovative DFID funded initiative to improve drug distribution), reported informants claiming they had long given up on public sector health facilities. All they wanted was to be sure the drugs they were purchasing in the market were safe and effective (Lucas et al 1996).

11. The Federal Ministry of Health (FMoH) provides policy and technical guidance to the 36 states and the federal capital territory (Abuja), co-ordinating state efforts towards the goals set by the national health policy. The goal of the National Health Policy is to bring about a comprehensive health care system, based on primary health care that promotes and is, protective, preventive, restorative and rehabilitative to every citizen of the country within the available resources, so that individuals and communities are assured of, productivity, social well- being and enjoyment of living (Africa Review World of Information 2002).

12. In the past, the MOH has directed attention primarily to public sector services and institutions. Little or no attention was paid to the private sector. Their approach to private sector has rarely gone beyond, enacting legislation, and issuing regulations, which were frequently not enforced. The key role of external agencies and donors is to assist national governments in developing stewardship
capacity. This includes better information base, the ability to build coalitions of support from different groups, and ability to set incentives (WHO 2002).

13. Increasingly, decision makers in developing countries are taking notice of the role of NSPs in health care provision, and managing NSPs is among the most complex stewardship tasks facing policy makers. The Nigerian Government have recognized the input of the private sector in health care delivery, and encourage them by incorporating them into policy formation. In accordance with the Abuja Health Declaration of 9th Sept 1995, Section IV states “The National Health Policy of 1988 shall be reviewed and modified to include adequate provision for private sector participation in health policy development”. (African Review World of Information 2002)

1.4 Differences in NSP use by rich and poor

14. It is assumed that the rich use private sector services more than the poor. Even though this is true to some extent, the difference is not great. A report from nine of the poorest countries show an average of 47% of health care visits by the poorest 20%, compared with 59% of such visits by the richest 20% were to NSPs (for profit and non-profit), rather than to public sector providers (Gwatkin, 1999). It is also the case that, when poor people first seek diagnosis and treatment for an illness, they visit NSPs such as private pharmacists, nurses, midwives, doctors, drug sellers or traditional practitioners. They often pay out of their pockets for health services and products from them, since they do not benefit from prepaid health schemes. People use these NSPs because they are: often nearer; open for longer hours; are seen as more considerate; sometime less expensive than their public sector counterparts. (Mclean et al 2003).

15. In Nigeria, the poor spend a greater proportion of their income on private (and public) care than the rich. Information on people’s choice of providers and their reasons for that choice is scarce. However, studies suggest that the poor have less access to more sophisticated tertiary level public sector facilities. Also with regard to use of the private sector, the poor tend to use the less qualified or traditional providers, where care is often of poorer quality. The rich are more likely to have:

(i) Health insurance;
(ii) Use the formal rather than informal private sector;
(iii) Have greater access to information and
(iv) Make better informed choices
2. SELECTION OF CASES OF INTERVENTION

16. A wide range of formal and informal NSPs are distributed throughout Nigeria. Examples of formal (trained and operating legitimately) services offered are:
   - Physicians/ Doctors, Nurses (many running maternity services)
   - Medical lab practitioners
   - Pharmacists

17. Examples of informal health providers include the following:
   - Herbalists including Bone setters;
   - Drug vendors who dispense drug in market places, vehicles and chemist shops.
   - The untrained traditional birth attendant

18. In order to determine the case studies to investigate further, information was gathered on a range of NSP activities from both the formal and informal sectors, and for profit and not-for profit providers. Table 1 below, show the types of NSPs met with and interviewed in this phase.

Table 1: NSP activities investigated in ‘pre-case study’ phase

<table>
<thead>
<tr>
<th>Formal</th>
<th>Informal</th>
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<tbody>
<tr>
<td>Profit</td>
<td>Profit</td>
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<tr>
<td>Private medical clinics</td>
<td>Patent Medicine Dealers</td>
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<tr>
<td>Insecticide Treated Net companies</td>
<td>Traditional Birth Attendants</td>
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<tr>
<td>Medical Laboratories</td>
<td>Herbalists</td>
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<tr>
<td>Pharmaceuticals</td>
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<tr>
<td>Not for profit</td>
<td>Not for profit</td>
</tr>
<tr>
<td>NGO’s Faith Based (Catholic Institute for</td>
<td>NGO’s Non Faith Based (Society of Women with</td>
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<tr>
<td>Development Justice and Peace, Christian</td>
<td>Aids in Nigeria)</td>
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<tr>
<td>Health Association of Nigeria)</td>
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19. We investigated the different NSP providers and identified government and community involvement across the broad intervention types defined¹. Most NSPs had some form of relationship and political process with the government through their professional or umbrella association, who also regulated them. There was little substantive evidence gathered on interventions holding NSPs accountable to clients. There was some information gathered on government intervention to facilitate NSPs, though much came through donors, and there were few clear examples of government intervention to commission service delivery.

20. The literature reviewed revealed that informal NSPs provide and account for a large percentage of health service to the poor. We therefore picked interventions relating to NSPs that we believed were pro-poor in their delivery. The sector studies investigated were:

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¹ DFID study of non-state provision of public health services approach to the case study research, 29th March 2004.
i. Patent Medicine Dealer (PMD): This intervention investigates the formal regulation of PMD’s by the Pharmaceutical Council of Nigeria.

ii. Christian Health Association Nigeria (CHAN): DFID Nigeria were particularly interested we investigated this organization. However, it was difficult to identify a clear example of intervention either by the government or the community. Therefore, this case study focuses more on the relationship CHAN has with the government and its member institutions.

iii. Traditional Birth Attendant (TBA): This case study focuses on a government intervention to commission service delivery (child immunization) through TBAs.

21. Cast study 1 and 3 are for profit organizations that serve the poor. They are small informal providers and they are numerous. In both cases, skills and source of training are mostly inherited from a relative. The second case study focuses on CHAN, an umbrella faith based organization, co-ordinating health care services throughout Nigeria. CHAN is a not for profit NSP, and in early 2004, DFID invested in a institutional strengthening study of CHAN.

3. CASE STUDY 1 – FORMAL REGULATION OF PATENT MEDICINE DEALERS

3.1 Introduction

22. This case study focuses on the formal regulation of Patent Medicine Dealers (PMD) by the Pharmaceutical Council of Nigeria (PCN). The PCN is a professional pharmaceutical association, and independent of the government. The intervention is new, (April 2003), and involves the registration, and the setting and monitoring of PMD standards. This activity was previously carried out by the Federal Ministry of Health (FMoH) through the State Ministry of Health (SMoH) in each State. The Nigerian government decided to empower the PCN to take over regulation. According to the government, the PCN is the institution legally responsible for regulating PMD’s (Licensing authority, established under Act No 91 of 1992 to regulate the practice of PMD’s). We did not gather information as to why the PCN were not regulating PMD’s before 2003.

3.2 Background

23. PMDs form part of a primary health care delivery system, selling over the counter drugs i.e. without prescription. The formal regulation of PMDs has its origins in the 1958 Poisons and Pharmacy Act. The purpose of the legislation was to enable improved access to essential drugs at affordable prices given the ‘very few healthcare facilities available at that time’ (Guidelines, PCN).

24. PMDs used to register with the SMoH (until April 2003), some directly while others registered through their professional association, the National Association of Private Patent Medicine Dealers (NAPPMD). It was through NAPPMD, that PMDs had dialogue with the government on matters such as policy and legislation; standards; regulatory and support systems; agreements or
understanding about roles (communication, PMD). Some PMDs reported that in the past, the government used to provide assistance, e.g. seminars. Some PMDs also reported seminars were organised for NAPPMD members by NAFDAC, the Nigerian Drug Licensing Authority (NDLEA), and USAID supported a seminar in Enugu covering First Aid, referrals, how to interpret doctors prescriptions and family planning. It was the government’s role to monitor the environment PMDs kept drugs in, e.g. refrigeration (Communication FMoH). The FMoH criteria for PMD regulation was implemented at State level, and the extent of implementation was dependant on the resource available (Communication FMoH).

25. An important issue concerning the distribution of drugs by PMDs is quality, e.g. issuance of fake drugs, drugs not licensed to sell, drugs in incorrect doses (Communication FMoH and DFID). Some fake drugs are believed to be imported from Asia e.g. China (Communications PMDs). Most drugs in use are branded, although there are generics available. Importation and manufacture of drugs is controlled by NAFDAC. NAFDAC is not and has never been responsible for regulating PMDs. It is responsible for Nigeria’s existing drug laws, and its role includes:

- drug and product registration and regulation, including their, manufacture, importation, exportation, distribution, advertisement, sale and use of drug
- control of fake and counterfeit products.

26. From its inception, NAFDAC was structured into 6 directorates namely:

- Registration and Regulatory Affairs
- Inspectorate
- Laboratory services
- Narcotics
- Planning, research and statistics
- Finance & Administration

27. The NAFDAC Bulletin, 2003, highlighted the weakest part in Nigeria’s drug regulation is in the area of implementation and enforcement. Weak and failed regulatory processes, contributed to fake drugs being available in the market.

28. Since April 2001, NAFDAC has initiated a review of law enforcement, and of its regulatory activities. It has since strengthened its registration process with administrative guidelines, in order to ensure a strong and effective regulation.

29. In April 2003, the government reverted regulatory control of PMDs to the PCN in terms of, registering PMDs, setting up an approved list of medicines PMDs could sell, and monitoring. It is in the bid to ensure that drug regulatory mechanism are enforced that the FmoH reverted control to the PCN.

30. This case study focuses on the recent regulatory intervention of PMDs by the PCN, and a key component to this is the relationship between the PCN, the government and NAFDAC. Because this is a recent intervention, there is anecdotal evidence on its performance.
31. According to the Guidelines on the issuance of patent and proprietary medicines vendor’s license document developed by the PCN,

‘The role and responsibility of the FMoH is to formulate relevant policies, and give directives of a general character to the PCN relating to the implementation of guidelines, and it shall be the duty of the PCN to comply and give effect to the directives’.

32. The PCN role involves: setting up and approving Patent and Proprietary Medicines Vendors Licensing (PPMVL) committee; providing receipts of the fees; providing application forms; distribution of funds at State level; providing accredited inspectors and PMD lists. Its also involves enforcing sanctions and compliance. The guidelines cover areas of: the PMD licensing authority; who is eligible for a PMD license; how to apply for a license including procedures and fees and renewal; facilitation of PMDs e.g. training; monitoring. The PCN have set up a committee in all States which form the PPMVL committee. The PPMVL committee will assist the PCN in approving licences and monitoring PMDs. It is comprised of the following in each State:

- Director of Pharmaceutical Services (DPS) of the State (Chairman)
- Director of Pharmaceutical Services State Hospitals Management Board (Member)
- Chairman of State Pharmaceutical Society of Nigeria
- NAFDAC representative
- Member of civil society nominated by PCN
- Head of Pharmaceutical Services (Member/Secretary)

33. For a PMD to be registered, he/she must sit and pass a short exam and interview. These tests have been devised by the PCN, who in collaboration with the FMoH developed the following documents:

i) Guidelines on the issuance of patent and proprietary medicines vendor’s licence

34. All drugs must now have NAFDAC number, and if PMDs do not adhere to guidelines, the PCN can withdraw their license.

3.3 Analysis of interventions selected for case study

**Nature of providers affected**

35. Characteristics of PMDs are shown in the Table A1.

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>PMDs</th>
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<tbody>
<tr>
<td><strong>Position in market</strong></td>
<td></td>
</tr>
<tr>
<td>Monopolistic / competitive</td>
<td>Competitive</td>
</tr>
<tr>
<td>Scale</td>
<td>Small</td>
</tr>
</tbody>
</table>
Local / national / international

Clientele

| Local / national / international | Local
|----------------------------------|-----
| Clientele                        | Poor |

Legal status

Legal / illegal
Formal / informal
Government recognition

| Legal status | Legal and illegal
|--------------|------------------
| Formal       | Informal         |
| Government   | Fully recognized |

Motive

Profit / ideological

Form of Ownership

Community / NGO / cooperative / Owners capital / shareholders

| Motive          | Profit
|------------------|--------
| Form of Ownership| Owners Capital |

36. All PMDs we visited were small shops and though drugs form the main bulk of their business, they sell a restricted range of other goods e.g. confectionary and cosmetics.

37. PMDs are pro poor because they sell drugs in smaller quantities making payment more manageable. In Enugu State, 1500 PMDs used to be registered with the SMoH (Communication SMoH, Enugu). The SMoH, and the PCN were in the process of registering PMDs, so the number of PMDs registered was not known at that time. The number of PMDs makes the market competitive. However, there is an issue with drug availability in Public health facilities (Communication FMoH), so while there are many PMDs, there may not be many pro-poor alternatives. One trader commented that the policy now is that PMDs must be located 10 buildings/400 meters apart. (Director Pharmaceutical Services SMoH, Enugu).

38. Registration of PMDs is now with PCN, and any operating without a license face a heavy fine. PMDs are also recognized by the government as an important distribution channel for drugs (Communication SMoH, Enugu). All PMDs interviewed were for profit, and were 100% personally financed. Some have learned their trade and/or inherited their business from a relative.

Explicit and technical case for intervention

39. The explicit and technical case for intervention is summarised in Table A2.

<table>
<thead>
<tr>
<th>Case for intervention</th>
<th>Intervener – PCN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Explicit</td>
<td>Quality</td>
</tr>
<tr>
<td></td>
<td>Equity/access</td>
</tr>
<tr>
<td>Technical</td>
<td>Market Failure</td>
</tr>
</tbody>
</table>

40. Improving the quality of drugs appears to be the main motive for the government empowering the PCN to implement regulatory control over PMDs. The PCN claim, that the main issue was that PMDs were overstepping their boundaries, i.e. selling drugs that they were not licensed to sell. They therefore want to stop illegal trading by non registered PMDs and trading of drugs not registered with NAFDAC, as well as practices such as giving injections and incorrect doses of
medicines (e.g. anti malarials). The PCN also want to register more PMDs in rural areas therefore, widen access.

41. According to the PCN, their aim is to ensure people know ‘where you can get what’ (Communication, president PCN). Therefore, market failure is the main technical reason for the intervention, i.e. reducing asymmetry of information and externalities. The developed PCN guidelines give information on drug packaging, quantities sold, registered drugs, and what is prohibited for a PMD to do. The PCN will advertise and place a sign on every licensed PMD store as a sign the facility is official, and stocks approved drugs. The funding for this advertising campaign will be from the licensing fee.

42. It was our perception from conversations with the PCN and PMDs, that the main incentive for the PCN to participate in this intervention, was so it would have some control over PMD activity, and to monitor and regulate the extent of competition with pharmacies.

Performance of the intervention

43. To apply for a licence, PMD’s must purchase, the PCN guidelines, and provide letters of recommendation. The President of the PCN claimed, before anyone could be a PMD, now, they must sit and pass an exam devised by the PCN. This is to ensure that PMDs have a minimum level of literacy). An orientation program will be given every 2 years for licensed PMDs, but this will depend on State funding/facility. NAFDAC will monitor the importation of drugs, and both NAFDAC and the PCN will monitor drug quality in PMDs, through in-store checks.

44. There is anecdotal evidence so far that the registration process has been successful in Lagos State. The PPMVL committee set exams and interviewed hundreds of PMDs. ‘They are complying’ (Communication SMoH, Lagos). No information was available at that time on how many PMDs failed interviews or exams.

3.4 Explanation of the performance of interventions

Assessment of the forces for and against effective intervention

45. Again there is anecdotal evidence of the forces for and against effective implementation, however SMoH and NAFDAC involvement imply there is relatively high political salience for the intervention. A PMD commented NAFDAC had been ‘asleep’, in terms of monitoring the quality of drugs that entered into the market, but that now has changed, and NAFDAC have been effective.

46. A stakeholder analysis was conducted to understand, who the main players involved in the intervention are, i.e. who have an interest in current provision and what influence they are able to exercise. The analysis identified that the main stakeholders as:

- PCN
- NAPPMD
- NAFDAC
47. PMDs generally approve of PCN activity because they believe it will get rid of ‘quacks’. Some however, don’t approve. The SMoH in Enugu reported, some PMDs through NAPPMD, are planning to sue the government. The feeling of some PMDs is that the intervention enables the PCN to put its own interests of supporting Pharmacies ahead of PMDs (Communication SMoH, Enugu), and also that the government does not want to support them because: they are not educated; think they sell fake drugs; only want pharmacy shops to be operating. The president of the PCN commented that PMDs did not want them to be issuing licenses, because of all the guidelines, conflict of interest by being controlled by a professional pharmacist association, and the perceived extra pressure to be located only in rural areas. NAFDAC have been important in regulation of drugs, and will become part of the monitoring task force.

48. PMDs reported that consumers are fed up with the public health system, but they are happy with PMDs because they, are accessible, sell drugs in doses they can afford; are open all the time, are more likely to guarantee confidentiality; friendlier services (Communication PMD, Lagos). The PCN is also planning advertising campaigns aimed at clients, explaining to visit licensed PMDs.

Assessment of the impact of service characteristics on control by principals and agents

49. In this case study, the client/consumer have weak capacity to organize and exercise influence on PMD activity. Many clients are poor, and we think, use the service in emergency situation i.e. for curing an illness such as Malaria. At present there is asymmetry of information, lack of alternative provider e.g. in public facilities, and drugs are poorly stocked (Communication FMoH). While there is no formal client body to hold PMDs accountable, when mal practice occurs, clients have the ability to bring government in PMDs.

50. In terms of policy makers’ control, more information on the intervention needs to be gathered. The vast number of PMDs may make it difficult to monitor. An advantage is the development of PPMVL committee in all States which may help to synergize regulation.

51. The agents in this case are PMDs, and their capacity to organize is strong given their numerical strength. The PMDs professional association NAPPMD appears to be strong, particularly in terms of communicating to their members. For example, all the PMDs that appeared at the SMoH to sit exams were aware of changes in regulation through NAPPMD. In Enugu, PMDs are also taking the government to court through NAPPMD, though the chances of their success is not clear. The president of the PCN also acknowledged that due to litigation, their progress had been slow. However, PMD structure does not favour provider control. This is because they are small providers, there are many of them and most have learned their skills from family, rather than formal training.

Capacity to perform interventions

52. The government recognized they did not have the capacity to regulate PMDs due to their size/number (Communication, FMoH). The PCN, also recognized
they did not have enough capacity to perform the intervention on its own. This promoted the PCN to set up the PPMVL committee in each state. In Lagos, 60 volunteer pharmacists will monitor PMDs. The capacity to regulate will go through the committees as the PCN will not be able to control centrally.

53. In terms of financing the PCN activities, e.g. orientation programs for PMDs, and advertising, funds will be generated through registration, and not received from the government. These activities are PCN initiative, and our perception is that the PCN agreed to embark on this regulation activity so they can control PMD activities.

3.5 Main findings from case study

54. Some of the key finding that came out of this case study are

- Sense of strong co-ordination and co-operation between government, PCN and NAFDAC.
- There is a possible conflict of interest of the government’s decision to revert regulation to the PCN. The PCN is a professional pharmaceutical association, and the interests of the PCN may not be totally consistent with the needs of PMDs.
- Acknowledged by the government that it has poor capacity in terms of regulating PMDs. The PCN capacity to monitor PMDs on its own, is also low because of the PMDs numerical strength. However, the PCN has been able to draw on the resource of its members. Further information will need to be gathered, to assess whether passing the regulation role to the PCN has improved the capacity to regulate.
- The PMDs professional association appears to be strong and organized.
- More information is required regarding the number of PMD’s accepted/ refused a license, and the number of new PMD’s given a license in rural areas.

4. CASE STUDY 2 – CHRISTIAN HEALTH ASSOCIATION NIGERIA

4.1 Introduction

55. This case study examines the relationship between the Christian Health Association Nigeria (CHAN), which is an umbrella faith based organisation (FBO), the government and CHAN’s member institutions. The interaction of CHAN with the government was of particular interest to DFID Nigeria, who asked us to investigate this. However, we were unable to find a clear example of an intervention, either by the government or the community to regulate or support CHAN activities. We therefore, examine two aspects of CHAN: the interaction between CHAN and its member institutions; what relationship currently exists between CHAN and the government.

4.2 Background

56. FBOs are important health care providers in Nigeria because they have a wider reach than any other group e.g. Catholic churches in Benue have a network of
clinics in rural areas, and people cannot do without them. The mission sector is a major provider (60%) (Communication, PATH Enugu) of the health care in the country especially to the poor in the absence of a properly functioning public health system.

57. CHAN was formed in 1973 as a collaboration of three organizations: Catholic Bishops Conference of Nigeria (CBCN), Christian Council of Nigeria (CCN) and the Northern Christian Medical Advisory Council (NCMAC). In the initial stages its “function was primarily to represent the views of Nigerian voluntary medical organisations to the government” (CHAN document). Now, the purpose of CHAN is to co-ordinate Christian health facilities throughout Nigeria, and CHAN’s motto is ‘reaching the unreached’ (CHAN document). The organization has a strong pro-poor focus.

58. CHAN is comprised of member institutions, mainly hospitals of which the mission hospital in Enugu is one. It is a 60 bed hospital offering both primary and secondary health care to patients.

59. CHAN assists its member institutions in reaching more people, especially the poor, with health services that are of good quality, affordable and patient friendly. Its members see themselves as continuing the healing ministry of Christ by providing quality and affordable health services for all who need them, irrespective of religion, affiliation (Communication CHAN, president).

60. CHAN has about 358 member institutions and it is the oldest and longest network of health care provider, beside the Federal and State government. On whether a partnership exists between CHAN and government, the president reported,

“we are serving marginalized Nigerians, and government exists for the people to provide health education and the like. Since the government cannot reach all the people, we are able to reach them through our member-institutions, and all these years, we have relied on funding from donors from outside the country. Therefore, what stops government from giving us grants-in-aid to enable us to function effectively?”.

61. She therefore concluded by saying:

“It is imperative that the government supports the health institutions under the umbrella of CHAN, rather than leave them at the mercy of international donors”.

62. This corroborated with what the Rev. Sister at the Catholic Mission Hospital reported. They do not receive any assistance from state government. Instead their support comes from the German Government, who supply them with medical personnel, and equipment on a two year contract term. Other assistance came from UNICEF by way of supplying insecticide treated mosquito nets. The Rev. Sister reported that in the 1980’s Mission Hospitals used to receive some form of subsidy from government but this is no longer the case. The State Government is now only interested in collecting statistics on birth-rate, death-rate etc because “they know mission hospitals are very meticulous in their record keeping”.

28
63. CHAN ‘offers guidelines for health care’ to its member institutions, however, they are ‘free to prioritise and adapt these guidelines to their own operation situation to suit the delivery of their programmes’ (CHAN document).

64. CHANPHARM was formed in 1979 (then it was known as CHAN Drug and Supply Services), the aim was to provide access to reliable and affordable drugs to its members. CHAN handles drug procurement and importation for its members. The government used to allow zero tariff for importation of these drug, however, 3 years ago this exemption was withdrawn. We did not ascertain why this happened.

4.3 Analysis of CHAN

Nature of the providers

65. The characteristics of CHAN are shown in Table B1

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>CHAN and Member Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Position in market</strong></td>
<td></td>
</tr>
<tr>
<td>Monopolistic / competitive</td>
<td>Monopoly (rural areas)</td>
</tr>
<tr>
<td>Scale</td>
<td>Large</td>
</tr>
<tr>
<td>Local / national / international</td>
<td>Local</td>
</tr>
<tr>
<td>Clientele</td>
<td>Poor (rural areas)</td>
</tr>
<tr>
<td><strong>Legal status</strong></td>
<td></td>
</tr>
<tr>
<td>Legal / illegal: Formal / informal</td>
<td>Legal formal</td>
</tr>
<tr>
<td>Government recognition</td>
<td>Fully recognized</td>
</tr>
<tr>
<td><strong>Motive</strong></td>
<td></td>
</tr>
<tr>
<td>Profit / ideological</td>
<td>Not for profit, Faith based</td>
</tr>
<tr>
<td><strong>Form of Ownership</strong></td>
<td></td>
</tr>
<tr>
<td>Community / NGO / cooperative / Owners</td>
<td>Faith based NGO, Church, Donor money, member</td>
</tr>
<tr>
<td>capital / shareholders</td>
<td>institutions</td>
</tr>
</tbody>
</table>

66. According to CHAN literature, CHAN facilities are the only health care providers in particular remote areas, therefore, they are a monopoly provider. The scale of CHAN is large. It has approximately 400 member institutions throughout Nigeria including: (CHAN document):
- 140 hospitals
- 187 clinics delivering maternal and primary health care
- 23 rural health programmes
- 4 leprosaria

67. These member institutions operate approximately 4000 outreach health facilities. According to WHO, CHAN accounted for 40% of health care provision in Nigeria, and much of this in rural areas (CHAN document). It is the ‘oldest and largest network of healthcare providers in the country, besides the Federal and State governments’ (Vanguard Newspaper, Tuesday, June 8th). The mission hospital in Enugu reported that as many as 45% of patients were not able to pay for the
cost of services. Those who are unable to pay are detained in the hospital and during this process, philanthropists could rescue them while in some cases (i.e. the very poor) they are allowed to go without payment.

68. CHAN is not for profit, and in 2002, approximately 85% of CHAN’s finances were funded by donors (Hales et al), other sources of funding are member institutions, and the church. CHAN hospitals like other private hospitals register with SMOH annually and pay an annual registration fee of three thousand Naira (N3000) to the government. CHANPHARM was almost entirely funded by donor money.

**Explicit and technical case for intervention**

69. We didn’t identify a strong intervention, but the case for government intervention is described and summarised in Table B2:

<table>
<thead>
<tr>
<th>Case for intervention</th>
<th>Intervener – Government</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Explicit</strong></td>
<td>Efficiency</td>
</tr>
<tr>
<td></td>
<td>Equity and access</td>
</tr>
<tr>
<td><strong>Technical</strong></td>
<td>Market failure</td>
</tr>
<tr>
<td></td>
<td>Merit good</td>
</tr>
</tbody>
</table>

70. The objective of CHAN is to ensure the poor and people living in rural areas particularly rural poor have access to health care. The other services in rural areas for the poor include private hospitals and PMDs. Therefore, efficiency, and equity and access are the explicit cases for intervention. The technical case for intervention is justified on the basis of market failure, i.e. when the market fails to allocate resources efficiently to achieve high social welfare. NGOs unlike for profit providers value any societal benefits they achieve. NGOs therefore operate under a set of incentives, influences and underlying values that may be different to for-profit providers.

71. The mission hospital in Enugu reported that 45% of patients could not meet costs, and the hospital write these costs off. CHAN hospital care are “cheaper than governments” (communication Rev. Sister). The objective of CHANPHARM was to supply drugs at affordable / subsidized prices.

**Performance of the intervention**

72. In this section we assess the performance of CHAN. The written and anecdotal evidence to date, suggests CHAN’s performance is weak. Hales et al reported that CHAN had ‘failed to meet even the lowest expectations’ and needs of its members’, and that it ‘was no longer offering regular access to quality drugs’

73. This finding was echoed by the Rev. Sister Ugo at the mission hospital, Enugu, who reported that “CHAN were trying to communicate with the government, but CHAN can’t do much”. Also that there was an issue of obtaining drugs, which “just stay with the government till they expire”.

30
4.4 Explanation of the performance of interventions

Assessment of the forces for and against effective intervention

74. A stakeholder analysis was conducted to understand who are the main players interested in CHAN’s current provision and what influence they are able to exercise. The analysis identified the main stakeholders to be
- Government
- Donors e.g. DFID and German/ Northern donors
- Member institutions of CHAN

75. We did not gather information enough information on users to be able to comment on the influence they were able to exert.

76. The government has had an impact on how CHAN have been able to operate in terms of supplying drugs. Drugs which were supplied from CHANPHARM are no longer exempt from import tax according to mission hospital in Enugu. The result is that drugs are now very costly, and this eats into member institution finances, leading to higher medical cost. In some cases government has allowed drugs imported by CHAN to expire on the ports. There is lack of adequate information on why the government withdrew the zero importation tax, even though it was reported that “sometimes the government procure their drugs through CHAN (Communication SMOH, Enugu). The government are also reluctant to fund FBO’s because of the ethnic tensions that may arise (Communication, FMOH).

77. CHAN have relied heavily on donor support, however, the mission hospital in Enugu reported that they received funds from a German donor, but this was about to stop. Also that they received technical support e.g. doctors and equipment but this is about to stop. The mission hospital in Enugu now aims to operate on a cost recovery basis. In early 2004, DFID commissioned a strengthening study on CHAN, and a number of issues were highlighted. Economic hardship in Nigeria may be having an impact on CHANs ability to operate. However, the commitment by DFID to invest in institutional strengthening suggests some political salience.

78. CHAN also relied on member institution subscription and this has been declining (Hales et al). The sense we obtained from the mission hospital in Enugu, was that there is some disillusionment of CHAN’s effectiveness.

Assessment of the impact of service characteristics on control by principals and agents

79. Member institutions adhere to government policies e.g. immunization and HIV/AIDS, but there is generally very little interference from the government. The government has had some impact on the supply of drugs member institutions receive through CHAN.

80. Hales et al reported that CHAN’s difficulties were ‘due to poor management capacity, failure to import drugs and a lack of management and control systems’. It was also acknowledged in a survey, that member institutions wished for ‘CHAN
also to play a strong advocacy role on their behalf, which it was not doing at that time’.

81. They are not monitored by government except if there is cause to suspect supply of fake drug. Instead they are monitored by catholic health commission in the Dioceses through an appointed health co-ordination who is a Rev. Sister.

82. In this case the agent is CHAN and its member institutions. Agent control is weak as the agency structure does not favour provider control, in that it is led by religious staff. Professional people work, but it relies on church support for accounting etc. Hales et al also reported that the management capacity of CHAN was weak.

4.5 Main Findings

83.
- Removal of member institutions regarding direct dialogue with government.
- Reliance on support (financial and capacity building) from international donors, which is now decreasing. Should the government be stepping in?
- Negative impact on CHAN's objective to provide affordable services to the poor, given the government decision to withdraw exemptions from duties on drugs imported by CHAN.
- Relationship between the government and CHAN is confusing at the moment.
- CHAN is an example of a big organisation of NSPs, providing 40% of health care services, however, the government isn’t engaging or regulating them well, CHAN tries to regulate its member institutions, but it can’t do much.
- Government relies on CHAN for quality data collection but offers nothing to compensate for this.

5. CASE STUDY 3 – IMMUNIZATION FACILITATION AND SERVICE DELIVERY THROUGH TRADITIONAL BIRTH ATTENDANTS

5.1 Introduction

84. This case study examines government facilitation/ support to Traditional Birth Attendants (TBA), and the commissioning of service delivery to provide routine child immunization. In this case study, the State Ministry of Health (SMoH), in Enugu, has been forced to recognize TBA’s as a facility to carry out child immunization. This is because of the SMoH’s own failure to achieve immunization targets. The SMoH will train TBA’s and provide the equipment for immunization (e.g. drugs, syringes). However, not all TBAs are included in this intervention. The facility we visited was included because it is registered with the SMoH. The SMoH agreed to registering the facility because it employs the services of a hospital doctor when necessary.

5.2 Background

85. Poorer women do not generally attend private doctors for maternity services. Many visit the numerous private midwifery services offered by nurses and informally trained attendants who are found in more remote rural locations. These
TBA's, charge less for their services. A normal delivery by such midwives can cost as little as N100 excluding consumables, which is about 10% of private doctor fees. (Communication TBA).

86. Generally TBA services are not recognized by government even though they are responsible for many delivery services in rural communities. This is because the government feel they are usually untrained, have no qualification and inherit their skill from their mothers. As a result of this, their practices are usually not registered with the government (Communication, Director for Medical Services SMOH, Enugu). Recently, the government and NGOs have been forced to build the capacity of TBAs, however, there is still no clear policy statement to this effect.

87. With the decline in routine immunization in Nigeria (below 80%), and increase in number of children with polio (USA Diplomatic Mission in Nigeria News, May 2003), some days are now being set aside every month for general immunization of children, known as National Immunization Days (NIDs). This has been set up by the National Immunization Program. Apart from public health facilities, private health facilities and schools, some TBA facilities are now being used as centers for immunization. Immunization is free in Nigeria, and the government provides all the equipment required for this purpose to all health facilities involved in both routine immunization and supplementary immunization activities.

88. The Holy family clinic was established in 1991 as a traditional attendant for delivery of babies, but converted into a hospital and clinic in 2003. From the TBAs records 32-35 babies are delivered every month. The TBA is only registered with the SmoH on advice by a qualified doctor, whose service is employed (in emergencies). It is registered as an 8 bedded hospital. Regulation is by way of the SMoH that monitors TBA’s, demanding records and details on all births and deaths. The only mechanism by which TBA’s are provided with facilitation from the government is from the SMoH by way of vaccines for immunization. The incentive for the TBA to participate in this intervention is further recognition by the SMoH. We are not sure if the TBA will be paid by the SMoH for providing the immunization service.

5. 3 Analysis of interventions selected for case study

The Nature of the provider affected

89. Characteristics of TBA’s are shown in Table C1.

Table C1: Nature of providers affected

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Traditional Birth Attendant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Position in market</td>
<td></td>
</tr>
<tr>
<td>Monopolistic / competitive</td>
<td>Competitive</td>
</tr>
<tr>
<td>Scale</td>
<td>Small size</td>
</tr>
<tr>
<td>Local / national / international</td>
<td>Local</td>
</tr>
<tr>
<td>Clientele</td>
<td>Poor</td>
</tr>
</tbody>
</table>

Legal status  

33
90. The TBA operates in a competitive environment commenting that a public maternity clinic is located close by, but the facility is often not staffed and is lacking in equipment. We define there are other private TBA’s operating in the vicinity, however, the Holy clinic has the advantage of being registered with the SMoH, and having converted to a hospital/ clinic. TBA’s are small providers, and the facility we visited had 8 beds. TBA’s generally serve the local community and a large proportion are poor. At least 40% of clients were poor in the facility we visited (personal communication TBA). The practice is privately owned by the TBA, and was inherited from her mother. TBA’s are generally for profit organization.

Explicit and technical case for intervention

91. The case for immunization intervention by the government is shown in Table C2.

<table>
<thead>
<tr>
<th>Case for intervention</th>
<th>Intervener – Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Explicit</td>
<td>Efficiency</td>
</tr>
<tr>
<td></td>
<td>Equity and access</td>
</tr>
<tr>
<td>Technical</td>
<td>Merit good</td>
</tr>
<tr>
<td></td>
<td>Market failure</td>
</tr>
</tbody>
</table>

92. The health services, based on primary health care, include among other things, immunization against the major infectious diseases. However, the primary healthcare network has seriously declined with low-level coverage of services including immunization. Nigeria is now the country with the greatest number of polio cases in the world with 178 cases (Heymann, Daily Times October 14, 2004). Therefore, efficiency, and equity and access are reasons for the intervention. The public sector cannot provide immunization at the required level, and the private sector is not efficient.

Performance of the intervention

93. The intervention is new, therefore, it is too early to determine its performance. On average 32 – 35 babies are delivered in a month in the facility we visited, and it is expected that at least 80% will receive their routine immunization from there. Monitoring by the SMoH, will be through the number of returned used vaccines, before new ones are issued.
5.4 Explanation of the performance of interventions

Assessment of the forces for and against effective intervention

94. The intervention is new, so little evidence was gathered in terms of its performance. However, a stakeholder analysis was conducted to understand, who the main players involved in the intervention are i.e. who have an interest in current provision and what influence they are able to exercise. The main stakeholders identified were:

5. SMOH
6. TBA

95. The SMoH are the authority giving the TBA the licence and support to conduct immunization activities. The SMoH will monitor the performance of the TBA, capturing information on births, deaths and immunization rates. The maternity clinic collects and records information on all births.

Assessment of the impact of service characteristics on control by principals and agents

96. The capacity of client organization is weak, as many are poor. We were not able to determine the capacity of the government, though training and immunization equipment will be provided free. The agent in this example is the TBA, and we infer their ability to control and organize is weak due to the following factors: small-scale providers; run by women; no professional association.

5.5 Main findings

97.
7. Intervention not universal to all TBA’s since most are not registered.
8. Most TBA’s are untrained and not recognized by government.
9. Use of trained personnel from public facility (Doctor and Nurses) attracted registration and recognition from government (use of center for routine immunization).
10. No professional association for TBA’s were identified.

6. CONCLUSION

98. What became apparent when undertaking this consultancy was the difficulty in finding clear documented examples of established interventions. While much literature exists on NSPs, we found little relating to specific providers in Nigeria. Therefore, much of the evidence this report is based on is anecdotal from the interviews that we conducted and visits to health facilities we made.

6.1 Themes from case studies

99. The Nigeria economy, which has been getting worse over the past few years, appears to have impacted on State provision of health care, which had been
under invested for many years. The poor have lost faith in public facilities which are often under-resourced and lacking in basic drugs. The overwhelming feeling we got from NSP’s (PMD’s, Lagos and Enugu; Mission hospital, Enugu) is that the poorly performing economy has stifled support from the government.

100. There is a sense that the government is increasingly willing to tolerate informal for profit NSPs e.g. TBAs and PMDs as a ‘necessary evil’. This comes through acknowledging the contribution of providing health service to the poor. The government is also looking at components involving NSPs that impact the poor for example, immunization.

101. However, from the evidence gathered it appears that the Nigerian government is operating under difficult economic and political conditions. The country is so diverse, the government appears to have become increasingly sensitized to the ethnic tensions, for example, providing support to religious faith based organizations.

102. Of the intervention case studies investigated, it became apparent that capacity is a major constraint when understanding its performance. Though there is limited information, anecdotally, the FMoH acknowledge that ‘everyone is doing their own thing’, and all interventions covered in this study, highlighted issues of capacity i.e. capacity of, the government, CHAN and the PCN.

103. It was the government’s responsibility to monitor PMDs, however, the anecdotal evidence gathered, suggested monitoring and training was infrequent. The PCN who took over regulation of PMDs, also acknowledge capacity as an issue for setting standards and monitoring, and the PCN is attempting to address this by standardizing a monitoring committee in each State. The PMDs professional association, NAPPMD, is strong and is being used by the PCN to communicate modalities to its members. The evidence gathered from this visit, suggest that there has been some success in achieving this e.g. Lagos, taking tests. With regards to TBAs, the government is responsible for monitoring them, and now that the government is using TBAs as part of its immunization program, information needs to be gathered on performance.

6.2 Comparison with general hypotheses

104. Our conclusion is that available evidence assessing interventions of NSP in Nigeria is weak. From the case studies we investigated, the intervention to regulate PMDs is in the early stages to assess performance. However, the signs are, communication to PMDs is strong through their professional association. Where a professional association exists, there is a strong degree of self-regulation e.g. PMDs are part of a strong professional organization, NAPPMD. However, TBA’s organization is weak with no professional association being identified, perhaps due to the fact that TBA’s are female. Government facilitation of TBA’s and commissioning of service delivery through them is also at the early stages.

105. Overwhelmingly, it was apparent that NSP activity, both for profit and not-for profit, have arisen as a result of market failure. In particular the case studies we focused on are very much pro-poor and the poor prefer to use them because of
the failure of the public sector. TBA’s was the only case study where we felt that the government was facilitating.

106. However, the evidence from these case studies did not support the hypothesis that small and informal NSPs usually offer a low quality substitute for formal public or private provision to poor people. The evidence suggested that the poor use and prefer informal NSPs as an alternative to poorly resourced public services. We could not draw a conclusion with respect to the hypothesis, small and informal NSP’s offer a high cost substitute, as we did not gather comparative cost data. In the case of CHAN, the service is provided in order to help the poor and the TBA also reported that some patients can not pay.

107. With regards to small informal providers, there was a sense that governments tolerated them as ‘necessary evils’. Regulation of PMDs by the PCN was regarded by some PMDs that it was an intervention to close them down. It was frequently cited by PMDs and the TBA that the government was: not supportive; provide no facilitation; were aiming to close them down.

108. Our perception is also that small providers (particularly providers with numerical strength e.g. PMDs) are more difficult to regulate. Vast resources may be required e.g. for monitoring.
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20. Smith E, Brugha Ruairi and Zwi Anthony. Working with Private Sector Funders for better health Care an Introductory guide 6 Options applying expertise and effective management in health with focus on reproductive sexual and sexual health.


8. LIST OF PEOPLE MET WITH

1. Mr. John Leigh, Adviser Health/Education, DFID, Abuja
2. Dr. Tarry Asoka, Assistant Adviser Health, DFID, Abuja
3. Ms. Lynne Symmonds, Health Advisor, DFID, Enugu
4. Mr. Joe Abbah, DFID, Enugu
5. Mr. Cook, PATH, Enugu
6. Sister Ugo, Mission Hospital in Enugu
7. Ms. Rhoda Kuje, Health Planning Officer, Assistant director of NGO’s, FMoH, Abuja
8. Mr. Ahmed T. Mora, President of the PCN, Abuja
9. Mr. J. E. Babakandzhi Adagadzu, FMoH, Abuja
10. Mrs Bamgboshe, Director of pharmaceutical services, SMoH, Lagos
11. Director of Medical Services, SMoH, Enugu.
12. Director of Pharmaceutical Services, SMoH, Enugu
13. Ms Clara Eleje, Holy Family Maternity and Clinic, Enugu
14. Mr. Ike, CIDJAP, Enugu
15. 8 PMDs (2 in Enugu, 2 in Abuja and 4 in Lagos)
1. HISTORY OF NON-STATE PROVISION IN EDUCATION

1. Non-state provision of education has been evident since the outset of western formal schooling in Nigeria, and was initially bound up with missionary endeavour. Throughout the pre-colonial era, the church was in total control of education, both in financing and management. Church buildings served both as a place of worship and school. The teachers were the missionaries themselves. The home government of the missions financed most of the Christian schools. The activities of the missionaries in western formal schooling began around 1965 in the South, as the North was restricted by the fact that the Muslim Emirs of the North had secured pledges from the Government which made it difficult to admit missions into the Emirate. By 1898, the Church Missionary Society began its quest to establish mission schools in the North.

2. Government intervention vaguely started in 1847 when the British Privy Council’s committee on education referred to the need for securing better conditions of life and development of the African as a peasant in the land. Between 1870 and 1876 the colonial government in Lagos made spasmodic attempts to assist some of the missions in their educational work (Fafunwa 1974). The British colonial government involvement in education dates from 1882 when the first Education Ordinance was promulgated, which marked the promotion of government assistance to the missionary schools. In the 1916 Education Ordinance (amended in 1919), power was given to inspectors to inspect both assisted and non-assisted schools. It also empowered the board of education upon the recommendations of inspectors to close down schools that were not performing. The Ordinance stipulated that educational agencies, whether controlled by government or by mission, should cooperate with a common object and as far as possible by similar methods of discipline and inspection:

‘I regard it as an essential feature of a right policy in education that it should enlist in hearty co-operation in all education agencies in the country, which are conducted (as mission schools are) with the sole objective of benefiting the people. Schools, which conform to the conditions laid down in the regulation, will be “assisted” to the extent provided therein by a grant from revenue. “Unassisted” schools are independent of government control, but I hope that they will be induced to conform to the principle and policy laid down by government, and supported and approved by the principal education agencies. Those, which do so conform - and invite inspection – will naturally be justified in expecting a greater measure of encouragement from government’ (cited in Fafunwa 1974).

3. However, in spite of government’s desire to assist schools, there was still a plethora of unassisted schools, which were of low quality. By 1892, 82 percent of children were in unassisted schools (which formed 93 percent of all schools). The unassisted schools, predominantly in the Southwest, could not be efficiently supervised and thus, created concern for the Education Department and this
eventually led to the Education Ordinance of 1926. This aimed at providing a better quality of education through:

- Increased direct government control and supervision,
- Co-operation with means of increased subsidies to schools and training institutions, and
- An attempt to improve the quality and status of teachers.

4. That it did not succeed to any great extent was partly due to the great slump in international trade. Another significant aspect of the Ordinance was that the missionary bodies were empowered to appoint their own supervisors, thus giving the missionary towards autonomy as regards management of their schools. From 1926 onwards, grants to voluntary agency schools increased.

5. In 1955, following the findings of the Dike Commission report of 1951, the Western regional government introduced free and compulsory primary education, as a result of which school fees were abolished and state grants covered the cost of education. The Eastern region followed this in 1957, given the popularity the policy received in the Western region. Furthermore, the Northern Legislature also decided to plan for free primary education on a provincial basis in 1958. However, in spite of the successes, there were shortfalls particularly in areas of quality and funding. One of the findings of the Dike Commission revealed that voluntary agency schools were better equipped and staffed compared with the public schools and therefore, the continuation of the existing grant-in-aid based on government and local contributions, was considered necessary.

6. For-profit private schools began to be established by individual entrepreneurs considerably later than missions, becoming evident after independence in 1960. The system of grant-aided mission schools with some for profit-private schools continued until the early 1970s when state governments assumed control of all non-state schools. This began in 1970 when the government of the then East-central state, enacted the Public Education Edict by which it took over all ownership of schools in the state. Later, in 1972, the then Federal Government directed each state government to take over non-state schools within its jurisdiction, because government felt that the private sector was making excessive profits and because there was a proliferation of private schools. The take-over of schools by the military government was also in line with the Federal Military Government’s policy of centralisation of power.

7. According to a recent Education Sector Review by the Federal Ministry of Education (2003), education policies of successive Nigerian governments have changed according to prevailing political and economic conditions. It notes that it was only after the civil war of 1967-70 had ended and the oil boom had begun that the Federal Government was able to enforce more uniform educational policies, including the public take-over of grant-aided schools in most states, the launching of a national scheme for universal primary education (UPE) in 1976, and the publication of a comprehensive National Policy on Education in 1977.

8. Although the UPE scheme resulted in a doubling of primary enrolment within a decade, it was marred by inadequate planning. As a result, in reality, the take-over of schools did not last long because even the Federal Government could not
run its free primary education policy, due to dwindling financial fortunes. As a result, private proprietors continued to provide education which the government chose to ignore, as it needed them to augment their inadequate provision. Despite this, by 1979, the government of the states in Western Nigeria decided to extend its free education policy up to the secondary level for political reasons. This free education policy also could not last because of financial constraints on the part of the governments and the burden was becoming unbearable.

9. Due to resistance of some school proprietors, including missionaries, some private schools remained private, especially in the Southwest and the North-central states (Ibrahim, 2002). According to Adesola (2002: 24), the weakness of the system provided an opening for private entrepreneurs to operate remedial “schools” to prepare pupils into good quality secondary schools:

The new “schools” had no government approval to open, and government did not seriously attempt to moderate their quality or regulate their fees, which were so high that only the rich could afford them. Consequently, only the children of the rich could have some assurance of gaining access to good secondary schools and tertiary institutions thereby frustrating the very principle of equality of access, which the policy of free education was intended to promote. But this time, the foundation of the tradition of private sector participation in education had been weakened.

10. With the growing dissatisfaction with public primary schools, private schools began to grow at an alarming rate during the 1970s. The economic downturn of the 1980s brought an end to the expansion of primary education with unpaid teachers’ salaries, the degeneration of educational facilities at all levels, and associated strikes in schools and universities (FME 2003). These factors contributed to a further proliferation of private provision which has continued to the present time (Francis 1998; Urwick 2002).

Non-state involvement in public schooling

11. Throughout the pre-colonial and colonial era, communities and parents participated actively in education delivery. During this period and until independence, community schools were constructed by villages and donated to or run by the missionaries or state governments but the schools were often considered as “their” schools (Adelabu, 2002). According to Phillipson (1948 cited in Fafunwa 2002), even the government primary schools were established and maintained wholly or in part from public funds and arrangement was usually made whereby the local chiefs or the native courts accepted responsibility for erecting, keeping and repairing the school buildings and teachers’ houses and paying annual subscription (this normally represented about one third of the cost of running the school). The long-standing tradition of parents and communities actively involving themselves in the construction and management of schools for their children is still evident (Francis, 1998).

12. Proactive engagement of the government with the private sector occurs mainly in relation to involvement of businesses in funding of formal schooling, for example through the Education Tax Fund (Jaji 2002).
NGO involvement in education

13. NGOs are mainly involved in advocacy including in relation to influencing policy, with few examples of NGOs involved in service provision for out-of-school children. One NGO that was identified during the case study research as being particularly involved in provision was found to be mainly concerned with post-primary education, and does not appear to be pro-poor in its objectives. An important reason for NGOs focusing their attention on advocacy rather than service delivery is because the EFA process sees the achievement of education goals as a state responsibility. The Civil Society Coalition on Education for All (CSACEFA), an umbrella organisation of around 140 NGOs working in the education sector, is clearly playing an important role in relation to policy dialogue with respect to ‘ensuring access to free, compulsory and qualitative education for all.’ The work of CSACEFA is being supported by the Commonwealth Education Fund (CEF), which also focuses attention on the role of NGOs as a watchdog for government activities, such as in relation to monitoring government spending on education.

Current status of private schooling in Nigeria

14. The National Policy on Education (1998) states that Government has made primary education free and universal by implementing the UPE Scheme in 1976 and proposes to make it compulsory as soon as possible (15.1). Along with an ideological commitment to fee-free primary schooling related to a rights-based approach to education, the policy also supports opportunities for private sector involvement in education, in recognition of its own inability to provide:

‘Government welcomes the contributions of voluntary agencies, communities and private individuals in the establishment and management of primary schools alongside those provided by the state and local governments as long as they meet the minimum standards laid down by the Federal Government’ (15.13.2).

15. Furthermore, the Lagos policy states in section 5.4.1 that:

‘Government regards private participation in education as a way of providing variety and allowing for healthy competition between private and public sectors education. Government also believes in cost-sharing for the funding of education with genuine voluntary agencies and individuals who, like government, should not run private schools essentially for monetary gains but purely as a humanitarian/social service. Government therefore, welcomes the contributions of all interested organizations and agencies.’

16. A number of problems have been identified in attempting to obtain accurate estimates of enrolments (World Bank 2003b; FME 2003). It is, therefore, difficult to know how many children are currently denied access to primary schooling. However, some recent estimates suggest that, while overall net enrolment rates for Nigeria are similar to the SSA average, just one-third of those in the poorest quintile are in school (Table 1). Expanding private schooling in which fees are charged is unlikely to affect access for this group of children. There are also
considerable regional differences, with enrolment rates generally lower in the North.

Table 1: Net enrolment rates, 1999

<table>
<thead>
<tr>
<th></th>
<th>Poorest</th>
<th>Second</th>
<th>Middle</th>
<th>Fourth</th>
<th>Richest Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigeria</td>
<td>33.1</td>
<td>42.6</td>
<td>63.0</td>
<td>76.0</td>
<td>84.0</td>
</tr>
<tr>
<td>SSA</td>
<td>37.1</td>
<td>45.4</td>
<td>52.7</td>
<td>61.4</td>
<td>75.6</td>
</tr>
</tbody>
</table>

Source: World Bank 2003b

17. As noted, the for-profit private sector has played a role in primary school provision since the 1970s. However, data do not exist to assess changes in the size of the sector over time. Some recent evidence suggests that private primary schools comprise as much as one-fifth of the total number of schools in some states (Table 2). This is likely to include only approved (registered) schools, implying that the proportion of private involvement is likely to be much higher when unapproved schools are included. In addition, as the case studies indicate, private schools in Lagos far exceed government schools.

Table 2: Private Schools as a Share of All Schools. Selected States. (percent)

<table>
<thead>
<tr>
<th>State</th>
<th>Primary</th>
<th>Secondary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ekiti</td>
<td>22.5</td>
<td>13.8</td>
</tr>
<tr>
<td>Borno</td>
<td>5.1</td>
<td>18.2</td>
</tr>
<tr>
<td>Enugu</td>
<td>15.8</td>
<td>13.5</td>
</tr>
<tr>
<td>Oyo</td>
<td>na.</td>
<td>14.9</td>
</tr>
<tr>
<td>Benue</td>
<td>7.3</td>
<td>20.7</td>
</tr>
<tr>
<td>Kano</td>
<td>16.9</td>
<td>27.0</td>
</tr>
</tbody>
</table>

Source: case studies
Note: Benue - an additional (and coincidental) 20.7 percent of secondary schools in Benue are run by NGOs, mainly missions. 15.2 percent of primary enrolments are in private schools and 17.3 percent of secondary enrolments.
Source: Hinchcliffe 2002

18. It is also difficult to get accurate figures on the proportion of the government budget allocated to education across the different tiers of government, but estimates suggest that it was around 14.3 percent in 1998 (or 2.4 percent of GDP). This is somewhat lower than the average for SSA countries (of around 19.6 percent, and 4.7 percent, respectively). Furthermore, the proportion of this allocated to primary schooling is considerably below average (35 percent in Nigeria, compared with around 48 percent in SSA countries, with a higher proportion allocated to tertiary institutions in Nigeria) (Hinchcliffe 2002). Thus, constrained financial commitment is partly responsible for insufficient places in state schools, although it is possible that there have been changes in more recent years. For example, increases in teacher salaries in 1999 resulted in an increase in absolute education expenditure, even though it is suggested that the proportion of government budget has not changed significantly (World Bank 2003b). Given financial constraints, government resources are insufficient to cover costs beyond teacher salaries in the recurrent budget and, in reality, public
schooling is not free. Parents with children in public schools pay PTA and development levies, buy books etc. (Adelabu 2002, ActionAid 2003, Urwick 2002, Hinchcliffe 2002). Thus, economic factors constrain the ability of the government to fulfil its ideological commitment to free and compulsory primary schooling.

19. Levies vary between and within states. Comparing levies in public and private schools, it is apparent that those charged in private schools are considerably higher than public schools (Table 3), although the difference is less apparent in Lagos compared with other states where levies in government schools are higher in particular. Not surprisingly, levies in both public and private schools are higher in urban areas. In both types of schools, parents incur other costs, such as uniform, exercise and textbooks etc, expenditure on which have also been estimated to be considerably higher in private schools compared with public schools (Urwick 2002).

Table 3: Fees in private and public schools (Naira, 1990 prices)

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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Public</td>
<td>50</td>
<td>8,705</td>
<td>22,762</td>
<td>8705</td>
<td>4652</td>
<td>14,808</td>
<td>442</td>
<td>403</td>
<td>553</td>
<td>106</td>
<td>8,018</td>
<td></td>
</tr>
<tr>
<td>Private</td>
<td>1,494</td>
<td>22,762</td>
<td>3,305</td>
<td>649</td>
<td>14,808</td>
<td>12,920</td>
<td>442</td>
<td>3,982</td>
<td>106</td>
<td>3,982</td>
<td>10,619</td>
<td></td>
</tr>
<tr>
<td>Public/private</td>
<td>3%</td>
<td>38%</td>
<td>12%</td>
<td>6%</td>
<td>31%</td>
<td>3%</td>
<td>3%</td>
<td>5%</td>
<td>1%</td>
<td>5%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


20. These studies do not indicate whether the average levies in private schools include those of approved and unapproved schools. As noted from the case studies below, fees of unapproved private schools are probably lower than those of approved schools (particularly in Lagos). However, these are still likely to be considerably higher than contributions to public schools, where teacher salaries (which are the largest cost) are paid by the government. Despite this, findings from the Afro-Barometer Survey indicate that many Nigerians are willing to patronize private schools if they are satisfied that their children receive value for their money (Jaji 2002). However, given financial constraints, although some private schools (particularly unapproved schools with lower fees) might include some children from low-income households, poorest households are more likely to send their children to government schools (if children are able to attend school at all).

21. Another sign of government’s inability to provide sufficient schooling of appropriate quality is indicated by recent discussions concerning the return of previously mission-run schools to the missions (which, as noted, were turned into public schools in the 1970s). If followed through, this could affect a large number of schools (most of those built pre-1970). This is an example of the government potentially relinquishing more of its responsibilities to the non-state sector, despite its continued stated commitment to free primary schooling. It also indicates a greater acceptance by the government to form partnerships with non-state providers, which was not evident in the previous political climate. Missions
appear to be supportive and keen to take back control given concerns about
discipline in government schools, for example. However, the financial
implications (in particular in relation to how teachers will be paid) require
consideration – if this results in fees being charged, schooling will no longer be
fee-free for the majority of children, which is likely to have adverse effects on the
poor. Furthermore, many of these schools are in a dilapidated condition due to
lack of maintenance since government took them over, so also require resources
for renovation.ii

2. CASE STUDIES

22. Different types of NSPs involved in education in the states visited for the case
studies include:

I. For-profit private providers – officially banned in 1970s, but are now
proliferating especially in urban areas
II. Mission schools – the original provider of education, taken over by
government in 1970s, with current discussions about returning control to the
missions
III. NGOs – not very involved in basic service provision to the poor, focusing
more attention on advocacy.

23. Given limited involvement of NGOs in service delivery (and, where they are, this
is not necessarily pro-poor), and that mission schools are mainly in the hands of
the government at present, the case studies focus on for-profit providers. While
the study intends to explore government intervening in non-state provision with
particular emphasis on pro-poor provision at the primary level, there are no
examples of initiatives undertaken by the government in this regard in the
education sector in Lagos and Enugu, other than attempts to set standards
through formal registration (see Case Study 1). These are mostly related to
issues of quality of provision, and do not specify explicit conditions for pro-poor
service delivery. The regulations have not changed significantly since they were
introduced in the 1980s.

24. The case studies selected are examples of NSP initiatives to form a relationship
with the government. The two case studies represent membership organisations
of unapproved schools, and one of approved schools. The purpose of the
initiatives are not specifically pro-poor, although have a potential influence on
low-income households. It is possible that in the North, which is more
educationally disadvantaged than the states visited, cases of government
support to NSPs serving the poor and disadvantaged could be in evidence. For
example, efforts are being made to support Islamiyya schools to provide the
modern secular curriculum of formal schools alongside traditional teachings and
values of Islamic education (World Bank 2003a), although the ways in which this
is functioning require investigation.

25. There is extremely limited existing literature on private schooling in Nigeria, and
the literature that does exist mainly discusses private schools as a homogenous
group, without differentiating between approved and unapproved schools.iii Thus,
the information provided in this paper mainly derives from interviews with key
informants undertaken over a period of one week. While attempts were made during the period to consult with proprietors of private schools (including those of unapproved schools), their views deserve further attention. Moreover, it was not possible to obtain the perceptions of communities served by these schools. As such, some of the points made need to be treated with caution, and deserve more in-depth investigation.

2.1 Case Study One: Association of Formidable Educational Development (AFED)

2.1.1 Overview and selection

26. AFED was established in 2000, in response to the threat by Lagos State Government to close down unapproved, mostly ‘mushroom’, schools. The Association in Lagos has been registered by the Corporate Affairs Commission, and so has a legal status, even though schools which are members do not. While it is proposed that there are AFED chapters in all states, the Association is not yet registered in Enugu – although an application has been made to the Corporate Affairs Commission for registration and has been referred to the Ministry for comment (see explanations for differences between Enugu and Lagos below).

27. The case study gives an example of relationships between state and non-state actors in deciding and reviewing policy and legislation in relation to registration and regulation. In particular, the Association hopes to influence policy through lobbying for a change to the regulations. There is also some evidence of attempts at implementation of interventions in relation to self-regulation. In addition, the Association aims to facilitate the financing of NSPs through a self-support mechanism given that they do not receive any financial support from the government, as well as providing advice to its membership. Each of these aspects is discussed in more detail below.

28. While the case study is not an explicit example of a pro-poor intervention, it illustrates efforts by a network of NSPs to protect provision to low-income groups by attempting to overturn interventions by the state which potentially adversely affect poorer families. Although these schools are filling an important gap in provision, given the low quality of education offered, and extent to which even poor households can afford fees charged (see Table 3), the intention of the case study is not to suggest that such schools should be encouraged and expanded in scope, or that they can provide a sustainable solution to the problems facing the education sector but rather highlights the need to facilitate appropriate and feasible quality assurance to protect those who are investing a considerable proportion of their resources in such education due to limited alternatives.

2.1.2 Nature of providers affected

29. Unapproved schools which are members of AFED compete with both government and approved schools, as well as with each other. They serve the low-income population, usually in urban and peri-urban areas (although probably not the poorest who would either be in fee-free government schools where available, or out of school). In Lagos, AFED members reported that fees of unapproved schools ranged from around N800 per term to N4,000 per term while
fees of approved schools were estimated to start from N7,000 per term in low income areas, reaching as high as N30,000 per term in other areas. In Enugu, there was less diversity between the lower end of fees for approved schools compared with those of unapproved schools, starting at around, N1,300 per term for approved schools, with the highest fees charged being N6,000 for a long established private school. Thus, fees of approved schools in Enugu are closer to those of unapproved schools in Lagos. Fees are determined by schools themselves, on the basis of what they feel they can charge in relation to the quality of service provided. The government does not interfere in fee levels set by schools (although, in Abuja, the guidelines state that fees proposed have to be approved by the Honourable Minister of FCT, Abuja).

30. In situations where parents are unable to pay fees, in some instances proprietors reported that they allow parents to keep their children in the school and pay in small instalments if possible. This is to project a good image of the school, so that it appears popular and also to ensure that it fulfils the requirement of minimum number of pupils required by the guidelines. This was the case in one school visited. On the other hand, where parents are unable to pay fees and proprietors do not allow children to stay in school, parents can move their children to another school during a year.

31. It was difficult in the time available to assess the quality of service delivered in unapproved schools compared with government schools, but it is evident that the class size is considerably smaller and discipline in the classroom is apparent. A reason given by proprietors for parents preferring to send their children to these schools rather than to a government school was that teachers are available until late hours, so that after school finishes it serves as a childcare centre, for example for mothers who are working as market traders. Most of the schools have a nursery school attached (and some started as nursery schools, and have since expanded to the primary level). In addition, they suggested that, unlike governments schools, their schools are not affected by teacher absenteeism due to strikes or moonlighting. In particular, teacher strikes in the 1980s were an important reason for the establishment of private schools, some of which are still operating (including as unapproved ones). Proprietors of private schools are concerned about ensuring that they receive a return on their investment, so monitor the teachers closely. If teachers are not performing, they will be sacked. On the other hand, teachers are not qualified as proprietors do not want to pay salaries demanded by qualified teachers, and unqualified teachers are more pliable since they would not have any alternative source of employment if they lose their job, and do not have any protection from unionisation. Thus, while it is claimed by proprietors that teachers in private schools are more ‘motivated’, this motivation is likely to be a consequence of feelings of threat rather than related to job satisfaction. Moreover, it was evident from visits to a few schools that the infrastructure was in extremely poor condition, often with flimsy partitions between classes (if any).

32. Each school is small scale (often with a small number of pupils, teachers and space), and owned by individual proprietors. Providers are mainly running schools as a business drawing on owner’s capital, motivated by profit (some might be educationalists). In terms of their overall impact, they outnumber government and approved schools in Lagos, although the schools themselves
are often very small with low enrolment compared with government schools. There are approximately 1,400 schools which are members of AFED, with additional unapproved schools which are not members (perhaps the same number again). Both AFED and the Ministry of Education in Lagos estimated that there are twice as many unapproved schools as approved ones. In addition, it is estimated that, of 2.5 million children in school in Lagos, one million of these are in unapproved schools (ie 40 percent of those in school). About 17 percent of children in Lagos are estimated to be out of primary school (Ihenacho 2004).

33. As indicated above, previous research has estimated that approximately 16 percent of schools in Enugu are private. While this is unlikely to include unapproved schools, discussions in the state indicated that both the relative and absolute size of the private school sector is considerably smaller than Lagos. However, it still plays an important role in terms of primary school provision, where there are ‘as many illegal schools as there are street corners’. Similarly, in Abuja it was reported that there are many schools operating without approval.

34. Unapproved schools are not registered, and therefore, not recognised by government, so do not have legal status. Some have attempted to start the process for gaining approval (in some cases a process which can take a number of years). Some schools in Lagos have sought approval which has been refused because they do not meet the conditions (and are unlikely to be able to attain them). This is in part due to the low quality of the schools, as mentioned, but also due to the type of conditions set, as discussed below. In other cases, schools are unknown to the government, and have not attempted to gain approval, probably recognising that they are unlikely to succeed. It appears that the need to obtain approval and the process is reasonably well known, as media articles on attempts by government to close down unapproved schools are evident. Some schools have been operating without approval since the 1980s (when these schools began to proliferate), while others which have recently been established might not continue to operate beyond a few years. It was suggested that some schools put up signs to indicate ‘Approved School’, even if they have not obtained approval while others have no sign visible, making it difficult to identify where these schools exist.

2.1.3 Explicit and technical case for intervention

35. The Association was established in Lagos in 2000 in response to the threat by the state to close all schools operating with illegally. Although some schools have been operating without approval for a number of years, the government has not been able to enforce its regulations. In principle, it should not be possible for unapproved schools to register children for examinations, which should act as an incentive to gain approval. However, schools get around this by paying approved schools to register their pupils on their behalf. Alternatively, the government has the right to fine and/or imprison proprietors who are operating illegally, as stipulated in the Education Law:

‘if [a proprietor is] ordered to close down and fails to do so, guilty of an offence and liable on summary conviction to a fine of N2000 and additional N40 for each day after the order during which the institution is opened, or imprisonment for one year, or to both fine and imprisonment’ (p1286).
36. The Federal Inspectorate Service has established ‘Guidelines on Minimum Standards in Schools Nationwide’ (2002) which are used as the basis for guidelines set out by states, each of which publishes its own guidelines (see Appendix 1). The states under review, Federal Capital Territory Abuja, Enugu, state and Lagos state have approved guidelines in the establishment of Nursery, Private Primary and Private Secondary Schools (see Appendix 1). In principle, these guidelines could be adopted for government schools too. For example, the guidelines for Abuja FCT state that ‘Private Institution shall be treated like Government institutions with regard to quality control’ (p5).

37. The state is responsible through its Inspectorate Division, to ensure compliance to these minimum standards. In Lagos, for example, the state guidelines stipulate that:

‘The state government encourages private individuals to establish private primary schools, it is highly essential that the establishment of such schools should be subject to certain conditions which must be fulfilled and strictly adhered to by the proprietors of such schools’.

38. The document sets out procedures for approval, which includes:

1) Name Search
2) Application Letter
3) State inspection
4) Application Form
5) Pre-approval Inspection,
6) Subject recognition Inspection
7) Pre-approval
8) File documents submission.

39. As mentioned, government intervention is mainly in relation to setting of standards for private schools to be granted approval. The process is supposed to begin prior to the establishment of the school, starting with inspection of the site and plans of the proposed school. In reality, the process of gaining approval often starts after the school is already operating. While the process varies between states, proprietors are expected to contact the State Ministry of Education to start the process. Inspectors from the Ministry should then visit the school to assess whether the standards have been met. Criteria include ones related to infrastructure and facilities, number and qualification of teachers, and availability of records and documents (Appendix 1). Where there are shortfalls, proprietors are supposed to be advised of the gaps remaining. This is followed up with periodic inspections to assess progress made in the school, until full accreditation is reached. As such, some schools operate in a semi-legal state. Furthermore, Lagos state guidelines note that ‘A private primary school shall not be run as a commercial enterprise or as a limited liability company’ (p6).

40. Proprietors of unapproved schools are frustrated with government policy, which they feel are impossible to achieve. Since the Lagos government would not speak directly to proprietors of unapproved schools as they are not recognised, a group of proprietors established the Association in order to have a voice, and to
be able to lobby government as one body to prevent the government from closing down schools. In addition, they hope to influence the regulations to make them more relevant and affordable for small-scale entrepreneurs providing education to low-income groups.

41. In order to attempt to achieve their goals, the Association has written letters to the government, personally met with traditional rulers and community leaders, as well as with the Commissioner of Education. They also have a lawyer to give legal advice. At one time, they took government to court, but were asked to withdraw the case if they wanted government to pay attention to their demands. As a result, the government extended the deadline for closure for another six months, and the government has continued to grant extensions since then, albeit with a constant threat of closure (with the latest deadline of end of June, ie the time at which our interviews were taking place).

42. With regard to the criteria, the regulation of ownership of a plot of land is particularly unattainable for many small providers in Lagos, due to high population density and associated high cost of land which can cost as much as N1 million and above for a small plot. Proprietors do not have the capital to cover this nor do they have access to a bank loan. The government’s response, according to ACEM, to AFED’s concerns in this regard is to suggest that proprietors should sell their family assets (eg father’s farm), rather than reconsideration of the regulation. In addition to land ownership, schools are expected to be purpose-built (rather than conversion of property initially built for other purposes, as is often the case), and have at least a 12 classroom structure, the cost of which is likely to be prohibitive for small scale providers serving low income groups at a local level. In any case, there is unlikely to be sufficient space. These regulations are considered by proprietors to be no longer appropriate because they were set in the 1970s when land was in relative abundance and so relatively cheap. In Abuja, the issue of land is also problematic as proprietors have to show that schools are planned in an area which has been allocated for the purposes of a school plot since the territory has been planned out with space allocated for different purposes.

43. In addition to approval of schools, all teachers are supposed to be registered with the Teacher Registration Council, which aims to ensure that all teachers have appropriate qualifications and stipulates a 61 point code of conduct for teachers. In practice, the vast majority of teachers in unapproved schools (and some in approved schools) are under-qualified suggesting that enforcement by the Council of informal providers is difficult.

44. The cost of registration in Lagos in particular is a deterrent for small scale providers who are only able to charge relatively low school fees. The total costs of the process of gaining approval in Lagos is N55,000 (Table 4), approximately equal to annual fees obtained from seven students in a middle-range unapproved school (compared with around one student in an approved school). While this appears relatively modest, such schools claim that they are already stretched to cover teacher salaries. Assuming salaries of around N5,000 per month (as estimated for unqualified teachers working in these schools, although salaries could be even lower than this), schools charging N2,500 would need at least 192 students to cover salary costs of six teachers – i.e. a class size of approximately 52
32 students. Given that one of the attractions of informal private schools to parents is their convenient location close to homes, they normally do not have large numbers of students. Our observations from a very limited number of schools visited was that class size was often than this given they are usually serving a relatively confined catchment area. Such schools are usually renting property, so also have to cover these costs. It would appear that the profit margins of some of the smaller private unapproved schools are likely to be quite narrow, raising questions about the motivations of proprietors of these schools who would appear to gain limited return on their investment. One way for them to increase profit margins is to pay teachers less (with reports of teacher salaries being as low as N5,000 per month), and not to pay them for the whole year (but rather just for the months they are teaching).

45. Furthermore, in addition to the official costs, the Association in Lagos complained that there are often additional costs which had to be made. They suggested, for example, that to purchase a form can incur an additional cost of as much as N50,000, and name search has an additional cost of up to N15,000 (over three times the official cost). In addition to these charges by the Ministry of Education, schools also have to pay fees to the Environment Agency and Ministry of Health, to show that health and safety, and water and sanitation standards have been met. One unapproved school visited had been able to pay these fees and get the necessary certificates, even though it was apparent from the conditions of the school that standards were extremely poor, implying that payment of the fee could be more important than checking of standards. Other obstacles include the requirement of submission of three years’ tax clearance, and ability to cover the costs for a period of three years, as stipulated in the Abuja FCT guidelines for example:

'A prospective proprietor shall show an evidence of financial viability and capability to meet-up with the costs of his proposed school for at least three years without any financial hitch' (p7).

46. This might be impossible if proprietors have been unemployed previous to setting up the school, and where they are reliant on fees to cover the costs of provision.

Table 4: Costs of approval and renewal of registration

<table>
<thead>
<tr>
<th></th>
<th>Abuja</th>
<th>Lagos</th>
<th>Enugu</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name search</td>
<td>0</td>
<td>5,000</td>
<td>0</td>
</tr>
<tr>
<td>Purchase of form</td>
<td>40,000</td>
<td>15,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Pre-inspection fee</td>
<td>0</td>
<td>5,000</td>
<td>0</td>
</tr>
<tr>
<td>Approval</td>
<td>25,000</td>
<td>5,000</td>
<td></td>
</tr>
<tr>
<td>Annual renewal</td>
<td>10,000</td>
<td>15,000-100,000</td>
<td>2,000-3,500</td>
</tr>
</tbody>
</table>

47. Even though the education system in Lagos is heavily dependent on the private sector, it appears that the process of gaining approval is both more cumbersome as well as more costly than in Enugu ((the Ministry of Education commented that they do not undertake a name search, as they know the names of approved schools given there are fewer private schools in the state, so can easily find out whether the name already exists). This acts as a disincentive for schools in Lagos to seek approval. On the other hand, attempts at enforcement have been
greater. This appears paradoxical given that, if unapproved schools were to be closed, government failure of provision would be even more evident.

48. After registration proprietors are expected to pay an annual renewal. In Lagos, the annual renewal fee is set according to the location and population of the school and fees charged. The Ministry of Education in Lagos sends out a renewal notice for fees at the beginning of every year. Schools are given three to four months to pay. If they do not do so, they would not receive a clearance letter to enable them to register their students for examination. Renewal charges in Enugu are based on number of pupils (below 500 = N2,000; 501-1000 = N3,000; over 1,000 = N3,500). The gradation of fees shows some attempt at setting charges according to ability to pay (although is not apparent for the approval phase). The lower renewal charges in Enugu compared with Lagos reflects the lower fees charged by private schools in the state. In Abuja, the Ministry of Education noted that they have not been implementing the annual renewal charge, although it is in the guidelines.

49. Even if proprietors were able to meet the costs of approval and renewal through bank loans, they would be unable to make returns on their investment for a long time given that they are serving low-income groups so can only charge relatively low fees. The Association has established a cooperative loan system – AFED Finance Assisted Cooperative (AFAC). Members pay monthly dues according to ability, and can take loan. In order to obtain a loan they are expected to make an application to the Executive Committee explaining the reason for the loan and amount required. The application and implementation are carefully scrutinised and monitored by a committee responsible for the scheme to ensure that the money is being used for the intended purposes, related to school development. The amount received depends on their contribution to the scheme. For example, the Chair of AFED reported that he took a loan for the roofing and expansion of his school (which were amongst the outstanding requirements for the school to gain approval).

50. The Association also forms a bond between members who come together to support each other in times of crisis. For example, during our visit, a member was given a notice to quit the premises. The letter was shown to the Executive Committee who promised to provide support and take up the matter with their lawyer. The AFED Executive Committee also mentioned that they have a Task Force to monitor the schools suggesting that, in principle, they are also involved in self-regulation.

51. In summary, AFED has emerged in response to state failure both in terms of provision of adequate schooling in low-income areas resulting in the proliferation of unapproved schools, as well as in terms of updating registration procedures which are at present considered to be inappropriate for these schools serving low income families in urban and peri-urban areas.
2.1.4 Explanation of the performance of the intervention

Performance

52. In terms of the performance of the intervention, the Association has been successful in providing a relationship between unapproved schools and the government. This has resulted in extensions of the deadline for closing down schools in Lagos. However, the government is still adamant that the regulations should be adhered to and has not showed any willingness to reconsider the guidelines in response to the Association’s concerns, with the most recent deadline for closure of the end of June 2004 (a few days after the visit). The Association has also been successful in providing a support network for proprietors threatened by closure.

Assessment of the forces for and against effective intervention

53. To the extent that the Association has been successful in Lagos, this is due to the political clout of some of the Executive Committee. The President of the Committee was previously a policymaker in local government. As a politician, he is able to contact and communicate with current politicians and leaders in the society, and knows how to speak their language. In addition, the Association mobilised support from some traditional rulers (Obas). Given that the schools affected are operating on a large scale at the grassroots level in Lagos, the Association is also able to influence and mobilise the communities in which the schools are located. As such, they have a strong political force, which means that government has to listen to avoid a potential uprising which could result in political insecurity. This threat has enabled the Association to delay the closing of the schools which would result in large numbers of children not having any school to attend, particularly where access to a government schools is difficult because of their location. AFED has also been successful in gaining media attention, and maintain a file of press cuttings related to attempts of the government to close their schools.

54. The Association has not, however, been successful in convincing the government that their schools should not be closed, or in changing regulations. The process of changing regulations of this kind is long and bureaucratic and, in any case, is unacceptable to government as they would see this as compromising standards (although their own schools are unable to meet them). The inability of AFED to influence the costs of registration is due in part to economic constraints of the government which has to cover costs of processing registration and inspection.

55. In Enugu, while the Association does not yet exist, individual proprietors also have political influence which they have been able to exert to avoid closure of schools. However, they have not had the same level of pressure of closure from the government as in Lagos, so the need for a formidable association to resist government has not yet arisen to the same extent. Another reason offered is that the Governor is considered to be ‘pro-poor’ and, therefore, has decided to close his eyes to the existence of the unapproved schools in recognition that they are both employing large numbers of staff who would otherwise be out of a job, as well as educating the children of low-income families.
Assessment of the impact of service characteristics on control by principals

56. The Association is an example of providers forming a legal body to assert their interests. This allows them to have some voice within the Ministry, even if this is relatively weak. The Ministry reacts to complaints made by AFED, rather than proactively involving them in decisions which might affect its members. As such, it does not have representation within the government in order to influence policy decisions. Given that the Ministry is dominant in the policy arena (if not in provision), it has succeeded in continuing to require strict regulations but not in enforcing them. The inability of government to enforce the legal framework is not new. One reason is the government's financial constraints, and its own inability to provide sufficient access to education of appropriate quality, despite the longstanding promise of free primary schooling. The government is also preoccupied with dealing with its own internal re-organisation resulting from recent changes occurring since elections. The inability of the government to enforce the framework is an important reason for the proliferation of unapproved schools, and continuation of their status as unapproved.

57. Parents need the services of unapproved schools due to limited alternative acceptable provision by the government, even if they are aware that the services are not always of appropriate quality. They often consider that unapproved schools are better quality than public schools (even if this is not substantiated), and, therefore, it is believed that they would give their support to the Association if threatened closures were being put into effect. Parents do have the option of moving their children between different unapproved schools within a particular locality where available, given that fees are unlikely to vary significantly between these schools. As such, they have some opportunity for switching schools if they perceive another to be of better quality at the same price (even though information available to them on quality might be limited to aspects of infrastructure, rather than delivery).

2.1.5 Capacity to perform interventions

58. As noted, the Executive Committee of the Association has skills in grassroots mobilisation and ability to speak the language of politicians. Although the Chair’s own school is closer to approval than others given its size and conditions as well as due to the fact that he owns the plot of land, he still is actively involved in fighting for members of the Association who are less likely to be able to achieve the standards set. The Association does not have access to any equipment, capital or financial resources. The Executive Committee appears to be quite forceful and makes decisions on behalf of other proprietors and the functions and roles are divided amongst the Executive Committee.

59. In Lagos, when the government is threatening to close down a school, it goes through the local government to ensure compliance. Deadlines for closure of schools are sent directly to proprietors, who seek guidance from the Association. As such, the flow of information between AFED and the Ministry is one-sided. The second case study provides details of an association of approved schools (Association of Proprietors of Private Schools – APPS) with whom the government does communicate. APPS does not, however, coordinate with AFED in any way. As noted below, the two associations are in conflict as, according to
AFED, it was APPS in both states which put pressure on the government to close down unapproved schools because they claim they are sub-standard, but probably also because they are competing with their own schools and charging lower fees. This conflict was the main reason for the development of AFED in the first place.

60. The Association came into being in 2000, shortly after democratic elections replacing the military dictatorship. As such, the political environment has been an important influence on the possibility of the Association to exist.

**Capacity requirements of different forms of intervention**

61. AFED has been able to capitalise on the economic and political instability of the country which has allowed members to establish unapproved schools in the first place and, therefore, not to respect the law, and then to form the Association in the wake of the new government. Government is constrained in its attempts to enforce regulation given support of affected parts of civil society for unapproved schools since these are either their only option, or preferred to government schools given their quality is often even lower.

62. Neither the government nor donors have provided any inputs into AFED, whether in terms of capacity building or otherwise. Areas requiring attention in this regard include support to Association members to assist the schools in reaching desirable standards of quality. This could include information-sharing on appropriate strategies, but is also likely to require resources. Given that the government itself is over-stretched financially, the trade-off of using resources of government or donors to assist unapproved schools to reach a desirable standard rather than supporting government schools themselves, deserves careful consideration. As noted, the schools are filling an important gap, but many are not providing an education of an appropriate standard and, given the constraints under which they operate and motivations of proprietors to make a profit, are unlikely to be able to do so. Thus, they do not appear to be a desirable or sustainable solution to achieving the MDGs on education.

63. It is possible that there are some schools which provide education of an acceptable standard, but are unable to gain approval due to the strict criteria in operation. In order to discriminate between these and those which are potentially not in the interests of the low-income families they serve, it would be helpful for discussions between the government and unapproved schools, together with approved schools, in order to establish guidelines which are feasible while ensuring that schools are of an appropriate quality.

2.2 Case study 2: Association of Private Proprietors of Schools (APPS)

2.2.1 Overview and selection of the case study

64. APPS is a membership organisation of approved private schools, established in 1977. Proprietors pay a membership fee of N5,000. There is a network of Associations across the country (operating at the local, state and national levels) which appears to be well-established. As with AFED, the case study gives an
example of relationships between the state and non-state actors in deciding and reviewing policy and legislation in relation to registration and regulation. It also involves implementation of interventions in relation to self-regulation of private schools, and oversight and monitoring of standards of Association members by government.

65. Again, this is not an explicit example of pro-poor intervention, but rather an example of an Association which potentially has an important influence on government which could affect the provision of schooling to the poor.

2.2.2 Nature of providers affected

66. Proprietors of schools which are members of APPS have gained approval and are, therefore, operating legally. The schools potentially compete with unapproved schools and government schools, as well as with each other. The schools are generally better resourced than unapproved and government schools, so where parents have the funds, they are likely to choose a better quality approved school. In Lagos, where fees of approved schools are higher, the schools mainly cater for the middle to higher income levels. In Enugu, it is possible for lower-income groups also to access approved schools with fees starting as low as N1,300 per term (similar to fees charged by unapproved schools in Lagos). This is no doubt partly a reflection of the relative socio-economic status of the two states.

67. There appears to be some overlap between the lower end of approved schools and unapproved schools in terms of quality, and some approved schools do not fully meet requirements for approval. For example, in Enugu, only 20 percent of schools are estimated to have met the requirement of owning of a plot of land. In addition, some do not have sufficient number of qualified teachers, preferring to recruit unqualified teachers who are cheaper, even though in both Enugu and Lagos there are a sufficient number of qualified teachers who are unemployed. It was suggested that some schools are able to gain approval by temporarily buying-in qualified teachers during the process of approval. The Ministry of Education in Lagos noted that it is sometimes flexible in its application of the criteria, in recognition that it would be impossible for schools serving low-income areas to achieve the standards, as this would mean that fees would become too high for the communities they serve. They are unlikely to refuse an application out-right, as they are aware that children are benefiting from the school, but could keep the application in process until the desired standards are met.

68. There are estimated to be twice as many approved primary schools in Lagos compared with government schools (1633 approved primary schools, with a similar number of schools whose applications for approval are being processed). Some of those at a late stage of the process are reported to be given the status of operating with special permission, which allows the schools to register candidates for examinations. By contrast, in Enugu, government schools outnumber approved private schools by a ratio of 8:1. There are 60 schools in process of being approved, with 130 approved. Similarly, in Abuja, there are 98 registered primary schools, with applications of 60 schools in process.
69. Individual schools are often larger than unapproved schools in terms of enrolment, but probably still smaller than government schools, with smaller class sizes. Proprietors will usually own individual schools so in that sense operate on a small scale. The schools are mainly owned by proprietors drawing on their own capital, and the primary motive is to gain profit. As with unapproved schools, approved schools are mainly located in urban and peri-urban areas.

2.2.3 Explicit and technical case for intervention

70. The Association was established in order to have a common voice with respect to dialogue with government, to allow mutual interaction of members, and to work towards harmonisation of standards among the members. In addition, the Association aims to protect their members from interference from government. Whenever the Association feels aggrieved, it reports that it can make representation to government. For example, it has lobbied the government on issues of multiple taxation (where schools are expected to pay charges to the Environmental Agency, Ministry of Health, Fire Brigade, Water Corporation etc, as well as Ministry of Education), and in relation to renewal of fees which they feel are too high (with particular concern about higher charges for higher-fee schools). In 2001, APPS in Lagos took government to court over this issue of renewal fees. They were asked to withdraw the case, without resolution as renewal fees are still charged.

71. The Association claims to liaise with the government with the aim of giving the Nigerian child education of acceptable quality. As such, they aim to be considered as partners with the government, with a particular concern over quality (rather than an explicit concern to provide opportunities to those currently denied access). In an attempt to preserve quality, they approached the government to close down unapproved schools in both Lagos and Enugu, as they consider these schools to be offering sub-standard education. It is likely that a motive is also to control competition from lower-fee charging schools. When discussing reasons why they feel that unapproved schools should be closed, proprietors cited the guideline that schools should not be within 1 km, which does not affect quality but rather potentially increases choice. Their actions are not pro-poor since the unapproved schools that they are seeking to have closed are generally serving lower-income groups. Rather than trying to support the schools to achieve standards, they would rather see them closed thus limiting access to lower-income groups who would not be able to afford the fees in approved schools in Lagos. AFED’s view of APPS is that it is an association for rich people, who are responsible for the problems faced by schools supporting the less privileged.

72. The government communicates with approved schools through APPS. For example, at a meeting with Association members in Enugu, the Ministry circulated a letter to all members through the President informing them of the need to contact the local government to obtain information on the new primary curriculum.

73. The Association also aims to improve performance of approved schools and, therefore, of pupils attending them. This includes training workshops for headteachers and proprietors. In Lagos, members mentioned these were
organised for private schools from time to time. In both Enugu and Lagos, the
government sometimes also organise workshops specifically for private schools.
In Enugu, it was mentioned that schools are expected to pay a modest charge
towards the cost (for example, N200 per participant). While there is some
evidence of government support to private schools in kind, they do not obtain any
direct financial support from the government. For example, members of the
Association in Enugu have also obtained government support through the
 provision of textbooks (even though they complained that once they received
books which were outdated and had been discarded by the government).

2.2.4 Explanation of the performance of the intervention

Performance

74. With respect to the relationship between government and the APPS, both parties
felt that the relationship is cordial. The Association meets with the Ministry when
it has concerns that it wants to raise. These sometimes receive a positive
response, although at times the government is not always able to meet their
demands (for example, in relation to renewal fees). The Association is involved in
policy dialogue in relation to the Education for All (EFA) process. However, it is
not integrated into the Universal Basic Education (UBE) discussions which
members raised as a concern.

75. While Lagos has a department responsible for private schools, in Enugu (where
the proportion of private schools is lower) responsibility for private schools is
integrated within the activities of the Ministry. The relationship between members
of the Association and government in Enugu is likely to be further strengthened in
the future through the proposed creation of a State Private Education Board. The
initiative for establishing a private education board has come from government,
although the roles of the board are not yet clear. The Association welcomes the
creation of the Board and wants to be represented, but is concerned that it will be
asked to provide financial resources for the Board (in which case they would not
be supportive, as they feel they are already contributing enough through
registration and renewal fees).

76. The relationship between the government and APPS is reported to be two-way,
with the Association inviting the government to its activities such as sports days
and carnivals. Similarly the government invites members of the Association in
activities it is organising for government schools as it considers that ‘their
children are our children’.

Assessment of the forces for and against effective intervention

77. The success of the Association is related to both its political and economic clout.
In some sense, the government is encouraging it as it relieves some of the
pressure to improve access to government services. In Enugu, for example,
there are no plans to extend government provision at the primary level, implying
that any increase in access would have to be provided by private schools.
However, the cordial relationship does not provide any evidence of pro-poor
intervention. Rather, it appears that the Association aims to protect the interests
of better-off schools and proprietors, who are likely to be more influential both in APPS and with government.

Assessment of the impact of service characteristics on control by principals

78. The Association has a powerful membership which can influence government decisions. For example, as mentioned, they have been shown to have the power to influence the government over the threat to close down unapproved schools in Lagos. In addition, given the socio-economic influence of the Association, they are able to involve government representatives present in their activities who are also keen to be seen to participate.

79. Parents are organised through Parent Teacher Associations and School Board of Governors (which are likely to be more organised than in unapproved schools). This gives them the opportunity to monitor the operations of the schools. In addition, it is possible to measure performance in approved schools through exam results, and this can have an important influence on decisions on school demand. Given that parents are of higher socio-economic status and have a choice of which school to send their children to and, in some cases, pay relatively high fees, proprietors have to listen to them. Thus, parents of children in these schools potentially have more access to information about service delivery, and have the economic power to influence decisions within the schools.

Capacity to perform interventions

80. Unlike AFED, this Association has financial resources, and therefore, economic clout to influence government decision-making. As noted, there is a network of APPS bodies across the country which appears to be well organised. This gives them influence at local as well as well as national levels.

81. Government appears able to maintain some control over members of the Association, through enforcing its policy regarding payment of renewal fees by disallowing schools who have not paid from registering students for examinations. In addition, it potentially has control over approved schools through supervision to ensure standards are maintained, which occurs at three different levels – Federal, State and Local Government.

82. In principle, the state Ministry of Education is saddled with quality control. The primary responsibility of the inspector is to see that high level standards are maintained and that schools are run in accordance with laid down regulations. The Local Boards of Education are saddled with the responsibility of daily administration, management and quality control of schools within their jurisdiction. These Local Boards are expected in turn, to feedback to the state and federal ministries with respect to curriculum, materials development and techniques of teaching.

83. However, in practice, there is some lack of clarity about how responsibilities of these different levels are organised, and how they relate to each other. A recent institutional analysis of the education sector has indicated that there are overlaps between different parts of the education system, which can cause confusion about respective roles and, in some cases, results in gaps in responsibility.
(Orbach 2004: 16). Inspection is potentially an example of overlapping responsibilities and limited coordination, and is noted as one of the 12 concurrent functions identified, resulting in:

‘spli[t responsibilities with little or no coordination [which] make it difficult to integrate systems. They open the door to duplication and waste. At the same time, the lack of clear leadership makes it impossible to hold anybody accountable for any function.’

Capacity of the government to supervise schools

One example [of concurrent functions] concerns the function of school supervision. At the federal level, there is a Federal Inspectorate Service with 1,296 staff that supervises the schools and also grants accreditation and certification. Universl Basic Education Commission [UBEC] has a fully-fledged Monitoring & Evaluation department, responsible for monitoring all aspects of the primary education programs. Ten zonal offices across the country aid this department, each supervising 3 to 4 states. Monitoring officers at these zones visit the SPEBs [State Primary Education Boards] as well as the primary schools. SPEBs have School Services Departments whose officers too inspect the schools. In addition, the consultants report that it is common for the permanent board members of SPEBs to visit the schools and/or to go over the visitation reports of other officers who visit the schools and report to the chairmen of the boards. Most, if not all, SMOEs [State Ministries of Education] too conduct inspections in the primary schools. As indicated above, many SMOEs have organizational units dedicated to Primary education, and these include primary sub-units within their Inspectorate Departments. LGEAs [Local Government Education Authorities] too have school supervisors who visit the schools and compile school reports. Finally, in many cases, SPEBs and SMOEs have special monitoring teams set up to monitor specific projects and programs.

With all these supervision activities, there seems to be no shared, coherent and complementary vision for school supervision within the states and between them. Even fundamental policy matters require attention. For example, supervision has many objectives: to provide pedagogical support to the teachers, to monitor the quality of instruction in the schools, to check on the condition of physical facilities, to verify that government policies, rules and regulations are being met, and to monitor the progress of specific plans and programs. The various parties that conduct supervision need to carefully consider these objectives and consciously select a focus for each. They need to complement each other. The consultants’ reports and the documentary material suggest that there is little coordination among them, and that everybody seems to be doing a bit of everything. While some schools are visited quite frequently, others “have not seen an inspector or any other official for years”. There is also no evidence that much is being done with all the information being collected.

Source: Orbach 2004: 17

84. Another recent report has also criticised the inspectorates at state and federal levels, for ineffective performance, which is attributed to inadequate funding and training (NPC/UNICEF 2001, cited in FME 2003). While these problems are associated with government schools, they are likely to be even more apparent for private schools. Where government is unable to inspect and support its own schools, it is unlikely to have the capacity to inspect private schools. Furthermore, the process is potentially even more complex. For example, within Lagos state, there are two types of inspection of private schools – one based in the Directorate of Private Education, while the other is the Inspectorate arm of the Ministry of Education. In this case, it was noted that all departments write
reports which are collated by the Monitoring Unit on a monthly basis. Where appropriate, the reports draw attention to special cases which deserve attention allowing for some coordination between the units.

85. This complexity and associated constraints suggests that even though the government is not particularly successful at regulating entry of schools into the education market, it is even less effective at on-going monitoring of the quality of approved schools, with no attempt at monitoring accessibility of different groups (including the poor) to the services provided. Government does not interfere in fees set by schools, either at the point of entry or through on-going monitoring, and no attempts are made to require schools to include exemptions for disadvantaged groups, for example. On the other hand, in Lagos, it was claimed that in some cases inspectors prefer to go to private schools (including unapproved ones), where proprietors might have to pay money to ensure they receive favourable reports as they consider that proprietors of private schools have the resources to pay. During the period of the study, a newspaper reported that a bogus inspector was arrested having been found to be visiting schools asking for money.

86. While the Association also potentially plays a role in self-regulation, it does not expel members, but suggests that it does encourage members to ensure they meet standards and gives advice where appropriate. Furthermore, the analysis above suggests that the motivations of supervision by government and the Association are likely to be different. In particular, there are incentives for the more powerful members of the Association to use regulation to control competition, while they do not have any incentive to assess accessibility to the poor through monitoring of fees charged, for example. As such, government potentially has an important role to play in supervising standards across all types of schools both in relation to quality and accessibility, but efforts are needed to clarify the respective roles and responsibilities of different government agencies and of the Association to ensure that supervision is carried out effectively, and that the information is used to improve education provided.

87. The state of the economy has benefited a small group of relatively wealthy individual business people in particular. The political environment is also conducive to private providers of education. Under the current democracy, private providers are encouraged, unlike previously when the government outlawed private schools. This has given business people the opportunity to invest their resources in education through establishing private schools of a reasonable standard for which they can charge high fees. It was not possible in the context of this study to unravel the motivations of proprietors although it is an interesting question why business people would choose to invest in schools rather than other business enterprises given their claims that returns to the investment are relatively low and uncertain, particularly in the short-term.

2.3 Summary and policy implications from case studies

88. Overall, the case studies indicate that the private sector has grown in response to state failure to provide primary schooling which is both accessible and of appropriate quality. Although the National Policy on Education supports the involvement of the private sector in principle, the expansion has largely been
occurring by default, rather than as a result of conscious policy choice by government.

89. There is no evidence of pro-poor government intervention in private provision in either of the states visited. Government intervention is mainly in the form of control of entry through guidelines for the establishment of private schools, and associated payment of fees. However, many schools continue to operate illegally (and these probably outnumber those operating legally). This is partly because the criteria are unrealistic for small providers, and also due to the inability of the government to enforce its regulations. Problems of enforcement relate in part to its own inability to provide, which makes it difficult to deny access of children to unapproved schools given that these are filling an important gap in provision. Thus, given that small providers are unlikely to be able to achieve the current standards, the only option is for government to close them down which it is either unable or reluctant to do, or to allow them to continue to operate illegally. In reality, in both Lagos and Enugu, the government has let them operate illegally, albeit with constant threats of closure in Lagos since 2000. There is little incentive for private schools to register, other than to avoid the threat of closure since the benefits they receive from government are extremely limited (if they exist at all) while disincentives in terms of cost and bureaucratic procedures are evident. Moreover, government schools themselves often do not meet the guidelines for minimum standards, suggesting that these need to be revised to make them more appropriate to prevailing conditions.

90. The first case study showed that unapproved schools are providing schooling opportunities to a significant number of children, particularly in urban and peri-urban areas. Although in some cases they appear to be offering a better quality of education compared with some government schools, this is still below a desirable level. Furthermore, children from poorest households are unlikely to be able to pay even the relatively modest fees of these schools, so would continue to be denied access to schooling in the absence of government provision. As such, low-quality private schools can be seen as a short-term stop-gap to the problems being faced in the government sector, but should not be seen as long term solution. Current efforts by Universal Basic Education (UBE) and Education for All (EFA) planning processes have the potential of improving government provision, and are likely to have greater benefits for the poor and, therefore, to contribute to the achievement of MDGs related to education.

91. However, unapproved schools are likely to exist, and fill a gap, for the foreseeable future. It is, therefore, desirable to bring them into the system which would give government more control over maintenance of standards compared with their freedom while operating illegally (and sometimes invisibly). Large scale closure of unapproved schools is not a solution, as this would result in large numbers of children (particularly those from low-income families) having no access to schooling. There is a need to review the criteria for approval through consultation between the government, AFED and APPS to ensure that these are realistic without compromising standards in teaching and learning (which in any case are extremely low, including in government schools). There are legitimate concerns that some unapproved schools are taking advantage of the gap in the market, and are more concerned with making money than the quality of education provided (other than to the extent that this influences enrolment in their
schools). Only by having realistic criteria will it be possible to distinguish between unscrupulous providers, and those genuinely providing a service.

92. The second case study illustrates that efforts to assess quality through on-going monitoring of approved schools is apparent. However, this is not as effective as it could be, given the duplication of efforts and resources. As such, the process of monitoring needs to be reviewed to ensure that it provides information and support for schools to improve quality where appropriate. Furthermore, monitoring and supervision focuses on quality, with no attention to accessibility and this deserves attention to ensure that educational inequalities are not exacerbated where continued reliance on private sector provision of education is evident.

93. With respect to policy dialogue, it is evident that approved private schools have some representation in EFA discussions through APPS (although not in the UBE process). Given the role they play, it would be appropriate to strengthen their role in these discussions. However, unapproved schools and AFED are not represented. Since they are responsible for the education of a large number of children, it would be appropriate to involve AFED in the discussions.

2.4 Further research

94. This report is mainly based on key informant interviews. There is extremely limited existing research related to private schooling in general on which it is possible to draw to substantiate some of the issues raised. As such, many of the findings are reported tentatively. It is evident that even the size of the private sector is not known (particularly when unapproved schools are included). There is a need for more rigorous research investigate the relationships between different types of schools (government, approved, unapproved) in terms of access and quality. This would include an analysis of reasons for parental choice of different types of schools (beyond price, if relevant), and how different aspects of standards influence parental decisions over the types of schools to send their children. This would assist in gauging areas where standards are considered more important and, therefore, deserve attention with regard to the process of approval.

95. Another area for further research relates to the proposed return of mission schools. This deserves careful consideration in terms of changes to financing of the schools, and how this might affect access to schooling for children from poor households. It would also be relevant to expand the study to other parts of the country, in particular the North where Islamiyya schools have played an important role in educational provision with some attempts to integrate these with the formal system.
3. REFERENCES


Adesola (2002) in Charles and Iheme


Ibrahim (2002) in Charles and Iheme


4. PEOPLE/INSTITUTIONS MET

ABUJA

1) Federal Capital Territory
   i) Education Secretary
   ii) Head Inspectorate Division
   iii) Duty Director-in-charge of schools
   iv) Director-in-charge of private schools

2) Action Aid
   Dr. Ningyan Feese: Officer in charge

3) CSACEFA
   The Director of Finance

4) EFA
   Mrs Amina Ibrahim

LAGOS

1) Lagos State Ministry of Education. Director of Private schools – Mrs. Eleso
2) Association of Proprietors of Private Schools. Lagos State, Ikeja Chapter.
3) Association for Formidable Education Development, Lagos State
   i) The National President – Hon. Dr. Ajongbo Ajibola
   ii) National General Secretary - Dr. Folumade Adekoya
   iii) Pastor Udoh
   iv) Mr. Olatunde Oladunjoye
   v) Mrs. Akintola
   vi) Pastor Ajidara-Dare
   vii) Yussuf Adeyinka Adedayo

ENUGU STATE

1) The State Ministry of Education
   i) The Commissioner for Education
   ii) The Permanent Secretary
   iii) The Director/Inspectorate
   iv) Director of School Services – Mr. Uweze
   v) Head of Schools

2) Association of Proprietors of Private schools
   i) The Chairman
   ii) The State Vice-Chairman
   iii) The General Secretary and all other executives and ex-officio members.
## APPENDIX 1: GUIDELINES FOR APPROVAL

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Pupils per class</td>
<td>40</td>
<td>40</td>
<td>20-25 (30)</td>
<td>30</td>
</tr>
<tr>
<td>Pupil teacher ratio</td>
<td>40</td>
<td></td>
<td>30 plus helper in each class</td>
<td>30</td>
</tr>
<tr>
<td>No. of weeks per year</td>
<td>39</td>
<td>36 (at least 4 and a half hours per day)</td>
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<tr>
<td>Teaching qualification</td>
<td>NCE</td>
<td>NCE</td>
<td>Professionally and academically qualified and experienced</td>
<td>Grade II certificate or NCE</td>
</tr>
<tr>
<td>Qualification for head</td>
<td>NCE + 5 years teaching experience</td>
<td>NCE + at least 5 years teaching experience</td>
<td>Qualified professionally</td>
<td>Class I Grade I certificate, Association in Education or Class II with at least 5 years teaching experience</td>
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<tr>
<td>Management body</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Active PTA</td>
<td></td>
<td></td>
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<td></td>
</tr>
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<td>Records:</td>
<td></td>
<td></td>
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<tr>
<td>Certificate of registration</td>
<td>X</td>
<td></td>
<td></td>
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<td>Site plan</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Evidence of title of land</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Admission progress and withdrawal register</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Class attendance register</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Register of school fee payments</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
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<tr>
<td>Log book</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Diaries</td>
<td>X</td>
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<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Inspection report</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>National curriculum, exam syllabus, national policy on education</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Teacher textbooks and teaching guides</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Timetable</td>
<td>X</td>
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<td>X</td>
<td></td>
</tr>
<tr>
<td>Accounts record</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stores and inventory records</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>School prospectus</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff records</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Students records</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff movement book</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Visitors book</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

**Accommodation:**

**School**

144 m² internal space
- one-third for blackboard and teachers table
- two-thirds for class space for pupils

Building for educational purposes only
- Classroom at least 8.4 m x 6.8 m
- Solid, functional, conducive and purpose built structure
- Minimum of 12 rooms (9 classrooms, headteacher office, library and sick bay)
  - (18.29 m x 36.58 m – 4 plots)
- Each classroom – at least 8.36 m x 6.8 m
- Light
- Hanging for educational charts at window level
- Not less than 500 metres from another approved school
- No refuse dump near the school
- No living quarters surrounding the school
- Good drainage system
- Adequate classroom building and related structures; sufficient ground for growth and expansion
- As much as possible comply with specifications provided by the Ministry
  - 2 blackboards (one moveable); T-squares, protactors and coloured chalk; weather observation recorder; clock; audio visual aids
  - well ventilated and light

**Desk space**

0.45 m x 0.37 m

Adequate

Wooden dual

0.6 m of table or
<table>
<thead>
<tr>
<th>Sitting space – not less than 0.23m per pupil</th>
<th>provision of suitable furniture (including chairs, desks, tables, blackboards)</th>
<th>desk and tables, sitting in twos</th>
<th>desk-space per pupil</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teacher's seats</td>
<td></td>
<td></td>
<td>Teacher's table and chairs to match, plus a waste paper basket</td>
</tr>
<tr>
<td>Amenities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certified potable water supply</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Self sufficiency in water supply on the compound</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>First aid box trained first aid teacher</td>
<td>X</td>
<td>First aid room X</td>
<td>Certified as suitable by the Health Dept and Engineering Dept of the relevant Local Gov't Council</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Sick bay with trained nurse X</td>
</tr>
<tr>
<td>Fire extinguisher</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Toilets</td>
<td>Ventilated improved pit 1:40 Separate for boys and girls/male and female teachers</td>
<td>3 per 100 pupils</td>
<td>Water system or pit latrine 1:25 Separate for boys and girls/male and female teachers</td>
</tr>
<tr>
<td>Playground</td>
<td>Within walking distance of school Adequate recreation facilities</td>
<td>Large, well-demarked, using concrete blocks and properly sand filled with white sharp sand Functional durable play equipment, firmly installed</td>
<td>Playing fields to provide for all school games</td>
</tr>
<tr>
<td>Laboratory</td>
<td>Science corner in every classroom</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Library</td>
<td>Well-stocked reading corner</td>
<td></td>
<td>Library stocked with standard textbooks, reference books and reading</td>
</tr>
<tr>
<td>Administrative block</td>
<td>Well designed and easily accessible head teacher’s office, reception room and book store</td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------------</td>
<td>------------------------------------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fencing</td>
<td>Perimeter fence to demarcate school compound and discourage encroachment</td>
<td>Security guard at the entrance gate</td>
<td></td>
</tr>
</tbody>
</table>
| Farm land            | Rural: adequate agricultural farm land  
Urban: plot of land for demonstrations and a few farm animals | Bush fallow to provide adequate space for farming |
| Curriculum           | Curricula to be approved by Department of Education | State government curriculum, guidelines and regulations adhered to eg language of the environment should be taught |

NB Federal guidelines include mandatory, as well as ideal and optimum standards. The ones included here are mandatory. It does not specify whether guidelines are only for private schools, implying that the same guidelines should be relevant for both private and public. However, at the state level, specific guidelines are produced for private schools.
APPENDIX 2: COMPARISON OF EXPERIENCE FROM CASE STUDIES WITH HYPOTHESES

i) There has been little sector-based research that directly addresses the question of policy dialogue towards the setting of frameworks of regulation, accountability, facilitation or contracting to benefit the poor.

*True – and to the extent that policy dialogue has occurred, this has not focussed explicitly on aspects of benefit to the poor*

ii) The three sectors (health-care, education and water/sanitation) have high ethical and ideological significance that can have a powerful effect on the political salience of decisions about the boundaries of public, private and donor action. [Step 1 para 3.6; Step 3 para 5.3]

*True – ideological commitment to free primary education since the 1950s related to a rights-based approach*

iii) The economic and political characteristics of service sectors condition the nature of the engagement by 'principals' (citizens, clients and policymakers) with their 'agents' (providers). [Step 2 para 4.5; Step 3 para 5.4]

*True to some extent – competition between schools means that some parents are able to move their children between schools based on perceptions of quality. However, this choice is not available to poor households whose choice is at best between a low quality unapproved school or government school (or no school at all)*

iv) The blurring of boundaries between public and private sectors favours rent-seeking and leads to the protection by vested interests of existing service arrangements. [Step 1 paras 3.5, 3.6; Step 3 para 5.3]

*Possibly true – reports of rent-seeking by government inspectors who prefer to visit private schools to get payment*

v) The *de jure* or *de facto* recognition of NSPs by the state (or civil society organizations claiming to act in the public interest) is the basis of any positive dialogue or intervention. This determines both the feasibility and the (attitudinal) terms of engagement. [Step 2 paras 4.3, 4.4; Step 3 paras 5.3 and 5.5]

*True – approved schools are able to engage with the government, while unapproved schools cannot (even though the government is aware that they exist).*

vi) NSP, particularly in health-care and education, operates at two ends of the social spectrum. On the one hand, there is formal, higher quality provision for those who can afford to opt out of or to supplement public systems. On the other hand, there is often informal but accessible provision that is the resort of poor people unable to gain access to public systems. [Step 1 para 3.5; Step 2 para 4.3]

*True to some extent – in some cases, poorer households might be able to gain access to public systems but, given this is often of even lower quality than the informal end of*
the private sector, they could choose to make sacrifices to send their children to the latter where possible.

vii) NSP activity grows in response to state failure to provide services, but states that fail to provide public services are likely also to be states that do not have the capacity to support or regulate NSPs. [Step 1 para 3.6; Step 3 paras 5.3, 5.4 and 5.6]. (This hypothesis does not mean to suggest that all NSP is due to state failure. There are also other explanations of why it may arise)

True - where the government does not have the capacity to provide, it both lacks capacity to regulate, and is likely to be reluctant to enforce regulations in recognition of its own inability to provide

viii) Small and informal NSPs usually offer a high cost, low quality substitute for formal public or private provision to poor people. [Step 1 para 3.5; Step 2 para 4.3]

Partially true – unapproved schools offer a relatively low cost, low quality substitute, although their cost is higher than government schools which are officially free of fees – but usually charge levies which are still below the fees of unapproved schools

ix) Within the range of forms of regulation that may act to suppress or promote markets, the regulation by government of small providers is more often ‘unfriendly’ than ‘friendly’ to small market operators. [Step 2 paras 4.4 - 4.6; Step 3 para 5.7]

True – regulations attempt to suppress small providers, eg criteria of land ownership and size of school

x) Regulation is usually most effective in governing entry into monopoly opportunities or into licensed markets. More important in the case of NSPs (given that they normally operate in competitive markets) and more difficult are regulation of the quality and accessibility of providers’ services. [Step 2 paras 4.4 - 4.6; Step 3 paras 5.3 - 5.7]

True – regulation of approval relates to entry. Attempts to monitor standards are made, but are less successful (partly due to the complex relationships between different parts of the education system)

xi) The regulation of small providers is difficult. It may be, by definition, impossible in the case of informal providers unless they are first recognized so as to bring them within the bounds of regulation. [Step 2 paras 4.4 - 4.6; Step 3 paras 5.3 - 5.7]

True to some extent – although some schools are in process of approval, and are given special permission to operate while striving to meet the standards. In addition, unapproved schools may also be visited by government inspectors.

xii) In the case of informal small providers in competitive markets, the quality and accessibility of services are better achieved by strengthening the operation of markets rather than by regulation [Step 2 paras 4.4 - 4.6; Step 3 paras 5.3 - 5.7]:
   - Promoting market competition
- Informing and empowering consumers
- Strengthening consumer/community accountability
- Enabling and training small providers
- Supporting professional self-regulation
- Franchising providers in return for monitoring.

**Mixed (where evidence is available)** – issue for consumers is more to do with ability to pay than information and empowerment (where they are able to pay, they are also likely to be better informed and empowered). There is some evidence that professional self-regulation could result in limiting of competition by more powerful providers, and is more concerned with quality than accessibility which could have adverse effects on the poor.

xiii) Successful cases of community management (design, contracting and monitoring of services for poor people) are isolated and present problems of scaling up and replicability. Hypothesis: the replication of community management requires sustained systems of facilitation and support. [Step 2 paras 4.4 - 4.6; Step 3 paras 5.3 - 5.7]

**No evidence from case studies** (community management is being encouraged to improve services for poor people in government schools)

xiv) Where the contracting out of services is effective, it is widely found to present gains in efficiency and quality. However, the conditions for effective contracting are demanding on governments’ capacity where (a) the service is not easily measurable, (b) the service is broken down into multiple contracts, (c) contracts are complex and long-term. [Step 2 paras 4.4 - 4.6; Step 3 paras 5.3 - 5.7]

**No evidence from case studies**

xv) The maintenance of effective long-term partnership arrangements (contracting, licensing, co-production) with NSPs assumes levels of political stability and neutrality that are not typical of developing countries. These relationships are likely to escape corruption only where the provider has an independent, pro-poor ideology (faith, professional, political). [Step 1 para 3.6; Step 2 paras 4.4 - 4.6; Step 3 paras 5.3 - 5.7]

**No evidence from case studies**

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1. This section draws substantially on the seminal book by Fafunwa (1974).
2. The return of mission schools was considered as a possible case study. However, given that it is still in the pipeline, it is premature to assess performance. Where the return of schools to missions has occurred to date, this has mainly been at the secondary level.
3. A possible exception to this is the study currently being taken by the University of Ibadan with James Tooley on private schooling for the poor in Lagos, but results of this are not yet available.
4. While Orbach uses the term ‘UBEC’ this has yet to achieve the status of a Commission, as the Bill is still waiting to be signed by the President.
1. INTRODUCTION

1.1 Overview

Urban population growth and water supply coverage in Nigeria

1. Nigeria’s population is currently estimated at 130 million. In 1950, only 10% of its population was urban. The proportion is currently about 45% and could exceed 60% by 2030 (United Nations, 1999). In the late 1990s Nigeria’s water sector planners identified small towns (settlements of 5,000 to 20,000 inhabitants and peri urban areas with limited basic infrastructure) as a separate sector for water supply planning purposes. There are between 2000 and 3000 such settlements in Nigeria inhabited by 30 million to 40 million people (Stoveland Consult, 1998).

2. WHO/UNICEF (2000) estimates that 81% of urban dwellers in Nigeria had access to an 'improved' water supply in 2000. The National Water Supply and Sanitation Policy document (FMWR, 2000) however, considers small towns, and quotes a coverage figure of 48%. A survey of 37 Nigerian small towns (Stoveland Consult, 1998) suggests that only 10% of those living in small towns had access to an adequate water supply. Urban and rural sanitation coverage in Nigeria are estimated at 53% and 44% respectively (Hodges, 2001).

Nigerian water utility performance

3. The performance of Nigerian state owned water enterprises is generally poor. The supply situation is characterised by old and non-functional infrastructure and high levels of leakage. Recovery of operational costs excluding capital is low (40% on average, and less than 5% in some instances). There are large numbers of illegal connections, inadequate billing systems and ineffective procedures for collecting revenue. A work force audit indicated heavy overstaffing compounded by the fact that many staff lacked adequate qualifications (Hodges, 2001).

Policy development

4. Nigeria’s federal government has shown some enthusiasm for divestiture of public enterprises since the eighties (Yakubu, 1997). Attempts to attract international water operators into Nigeria started in the mid-nineties with a PSP strategy study (Halcrow, 1998). The general structure and language of Nigeria’s constitution and water resources legislation such as the Water Resources Decree 101 of 1993 however suggest that involvement of the private sector in the delivery of water supply was not envisaged at the time of their drafting.
5. The National Water Supply and Sanitation Policy sets a challenging reform agenda for the sector. Institutional autonomy, decentralisation, cost sharing, demand-driven approaches and private sector participation are identified as key reform elements. However, a formal evaluation of the national rural water supply and sanitation programme (Jawara et al., 2001) concludes that major attitudinal shifts would be required on the part of organisations at all levels in order to translate policy into reality. The current Urban Water Sector Reform Project supported by the World Bank (World Bank, 2001) includes the identification of private operators to manage water supply in up to six urban centres. It is possible that the operators could be international water service companies. This project has given the reform process a renewed impetus and includes the drafting of new enabling legislation. The project is in the preparatory stages and the appointment of private sector providers is 2 to 3 years away.

**Formal non-state water supply and sanitation provision in Nigeria**

6. Currently, there are few instances of formal engagement between government and the non-state sector in the delivery of water supply and sanitation services. One such case is the Karu-Mararaba Concession in Nasarawa State described in Chapter 5 of this report. In 1999, the newly elected civilian State Governor outlined a policy of engagement with the private sector as a means of reducing pressure on State Government resources (Newswatch, May 1999). The establishment of the Karu-Mararaba concession may be regarded as the implementation of that policy.

7. The Small Towns Water Supply and Sanitation Programme (STWSSP) intervention described in Chapter 4 represents an innovative approach to service delivery by the non-state sector. The programme concept is based on community ownership and management. It represents a radical departure from previous supply-led approaches and is in keeping with the reform oriented policy document (FMWRRD, 1998).

**Informal non-state water supply and sanitation provision in Nigeria**

8. Most NSPs in water and sanitation are semi formal or informal and operate at the small scale. In most instances, these have arisen because of failure of public service delivery systems. The interventions described in Chapters 2 and 3 represent instances where engagement by government has developed for this reason. In addition to the well-known study of water tankering and vending in Onitsha (Whittington et al., 1991), others have addressed informal water supply provision in Nigeria. Iliyas (1997) describes the activities of water vendors in the city of Katsina. Studies in Kano (Iliyas and Sani, 1999) and Bauchi and Akwa Ibom States (Yves Bee Ltd., 2000) identify water kiosk operators and water vendors as the main informal service providers. These studies provide evidence of some engagement with informal operators by the authorities: In Kano some borehole operators registered with the State Water Board. In Bauchi, some kiosks were set up through the STWSSP.
1.2 Identification of cases of intervention for study

9. The following four cases of intervention were selected for study:
   - Enugu State Water Corporation – Water tankers (Chapter 2)
   - Lagos State Water Corporation – Licensed Water vendors (Chapter 3)
   - Small Towns Water Supply and Sanitation Programme (STWSSP) (Chapter 4)
   - Nasarawa State, Karu – Mararaba concession (Chapter 5)

10. The first two cases were selected following the decision by the research team to focus the research on Lagos and Enugu States. Scoping visits to Lagos and Enugu in early June 2004 indicated that licensed water vendors and water tankering, respectively, were the predominant forms of engagement with the non-state sector. One benefit of this approach is that it will facilitate direct cross-comparisons across the three sectors. The STWSSP and Karu-Mararaba interventions were selected because they represent deliberate initiatives by government to facilitate service delivery by the non-state sector. The STWSSP is a national initiative, which the federal government hopes to replicate in all states. Furthermore, both the Karu-Mararaba and STWSSP interventions have been documented.

11. The cases selected for study in Nigeria offer scope for comparison between instances where (i) NSP activity has arisen by default (Enugu, Lagos), and (ii) those where there has been a more deliberate and structured effort by government to engage with NSPs.

2. ENUGU STATE WATER CORPORATION – WATER TANKERING

2.1 Case for the intervention

12. The Enugu State Water Corporation (ESWC) faces a number of difficulties. Rapid growth of the capital has contributed to inadequate supply and low coverage of the distribution network. Consequently, large areas of Enugu city are not networked. The local hydrogeology precludes easy development of underground water sources and lack of funding has made it difficult for ESWC to develop surface water sources. ESWC estimates that it currently serves between 50% and 60% of the population. Tankering has therefore arisen because of the inability of the public sector to provide adequate services to the residents of Enugu.

2.2 Description of the intervention and providers affected

13. ESWC has developed five dedicated tanker-filling points within Enugu and environs (Enugu zone, Bisalla, Amokwe, Crash Programme - Ninth mile and Ninth Mile Zone). There are an estimated 200 water tanker trucks operating in the city.

14. The State Government’s role is primarily one of facilitation and regulation. Through ESWC, government has financed the development of the filling points and seeks to regulate tankering operations mainly through attempting to ensure that tanker trucks use only authorised water sources.
15. All capital and operational costs are met by the NSPs. Rough estimates are shown below:

- Tanker purchase, rehabilitation and insurance (typically ₦1.2 million)
- Local government emblem, road tax, motor licence, roadworthiness certificate etc. (₦15,000 per year)
- Fuel costs (₦500,000 to ₦1 million per year)
- Maintenance and repair (say ₦100,000 per year)
- Water purchase from ESWC based on 1 tanker load (10,000 litres) per day, 300 days/year (₦200,000 per year)

16. Other costs would include informal payments to the police and other authorities. Tanker drivers are generally paid a 10% commission on sales made.

2.3 Incentives to attend to the needs of the poor

17. The intervention does not include explicit incentives for pro-poor service delivery. Furthermore, it may even be argued that because tankering does not lend itself to delivery of the small quantities of water typically required by the poor, it is more advantageous to the better off. It is also reasonable to suppose that wealthy households have better access to the services of tanker operators because they are able to arrange for bulk deliveries to their homes.

18. The service provides some measure of improved access to the poor particularly in areas that are not networked. However, where vehicular access is difficult, tanker operators sell in bulk to intermediaries who sell on to water vendors. Prices charged to customers in these locations are inevitably higher.

2.4 Interests served

19. Tanker drivers and owners have formed a trade association that looks after the interests of its members. The inclusion of tanker owners in the association is interesting as it suggests that tanker hire interests are also powerful. The association sees its primary role as one of giving tanker operators a voice and protecting their commercial interests. It believes that its activities have led, for example, to a reduction of instances of unjustified harassment of its members by the police, and false accusations by ESWC staff relating to use of unauthorised sources.

20. ESWC and the government do not see tankering as a long-term solution to the water supply situation. A senior Ministry official describes it as a symptom rather than a cure. ESWC is not willing to contemplate support that would enable it to improve its capacity to engage with this class of NSP. Alternatively, ESWC would prefer funding and support to help it to expand the distribution network and increase production. ESWC believes that this will lead to a reduction and eventual elimination of tankering operations.

21. There is a widely held perception among the public (not necessarily proven) that public officials in government and the ESWC have financial interests in
the tankering business and therefore have little incentive to develop and improve the public water supply. ESWC and government officials, of course, vigorously deny that this is the case. They point to concrete efforts being made by the State Government to improve public supply. A more plausible proposition is that rent-seeking behaviour on the part of some public officials is opportunistic.

2.5 Capacity of control

22. ESWC acknowledges that it is unable to regulate tanker operators. There is a long history of strained relations between tanker drivers and owners and the ESWC. Recently, there have been attempts to remedy this through the formation of a joint task force comprising representatives from both sides that monitors the use of unauthorised water sources. While this is a positive step, there is still a degree of mistrust between ESWC and the tanker drivers. ESWC suspects that the tanker drivers’ association have only agreed to become part of the task force in order to have advance warnings of inspections. The association, on the other hand, continues to claim that ESWC is still accusing falsely its members of using unauthorised water sources.

23. ESWC does not attempt to enforce any form of price regulation. Action by customers is the only means (albeit an indirect one) of regulating price and quality. However, since the tankering market does not appear to exhibit competitive characteristics, customers’ ability to control price and quality is limited particularly during the dry season when demand for tanker water is at its highest and the availability of alternatives is at a minimum.

24. The association claims to perform an internal regulatory function by enforcing order among its members. It imposes fines for inappropriate use of horns, fighting and not queuing at filling points. The association also claims to perform a quality regulation function by imposing stiff fines for the use of unauthorised sources by its members. The ESWC is sceptical and suggests that rather, the association does its best to defend its members even when they are guilty of using such sources.

25. ESWC has made at least two attempts to outsource the management of the tanker filling points to commercial companies. The primary motive appears to have been the resolution of principal-agent issues between ESWC and its operations staff leading to increases in ESWC’s revenues from the activity. On both occasions, contractual disputes have arisen between ESWC and the private operator. Both initiatives have ceased.

3. LAGOS STATE WATER CORPORATION – LICENSED WATER VENDORS

3.1 Case for the intervention

26. The Lagos metropolis is one of the world’s fastest growing urban agglomerations. During the late 1990s its population was increasing at an estimated 5.6%. By the year 2015, its population will have increased from 13.4
million in 2000 to 23.2 million, making it the third largest urban centre in the world (United Nations, 1999).

27. The Lagos State Water Corporation’s network coverage and water production have not kept pace with this rapid rate of population growth. Large areas of Lagos outside the networked area have no alternative source of supply. Consequently, the Corporation has allowed licensed water vendors to connect to its system through small diameter connections (extending sometimes over several kilometres) in order to sell and distribute water.

28. The intervention is justified because it provides access for the mostly poor sections of the population that live in these locations. On the other hand, the corporation feels that the intervention results in the abstraction of large quantities of water from a distribution network that is already under considerable strain and lowers service quality to its existing customers within the networked area.

29. There is some concern regarding the quality of water supplied by vendors. The physical characteristics of many areas makes it sometimes necessary to lay the service pipes in wastewater drains leading almost certainly to contamination of water.

3.2 Description of the intervention and providers affected

30. In areas served by water vendors, LSWC authorises private water vendors to connect to its system, sell, and distribute water. The service provider pays a registration fee of \( \text{₦}15,000 \), a \( \text{₦}6,000 \) connection charge and an annual renewal fee of \( \text{₦}5,000 \). In addition, the provider pays a fixed monthly charge of \( \text{₦}3,000 \) for the water supplied by LSWC. The charge is not related to the actual volume of water used by the service provider.

31. The service provider finances all other capital investment and operating costs. The following estimates are typical but could vary considerably between individual providers:

- Purchase and laying of service pipe, which can extend over a kilometre, (typically this could exceed \( \text{₦}50,000 \))
- storage tank and kiosk (\( \text{₦}30,000 \) to \( \text{₦}40,000 \))
- purchase, and installation of a diesel or petrol driven pump to deliver water from the LSWC main (\( \text{₦}45,000 \))
- running and maintenance costs of pump (say \( \text{₦}15,000 \) per month)
- tap operator’s remuneration (say \( \text{₦}5,000 \) per month)

32. Prices charged by water vendors vary considerably and range from \( \text{₦}3 \) per 20 litres in the wet season to over \( \text{₦}30 \) for a similar quantity at the peak of the dry season in certain locations.

33. An analysis of these data indicate that the business can be highly lucrative for vendors operating in an area where they are able to charge high prices and sell large volumes of water. In areas where the sales volumes are low and / or
prices are forced down by competition or the existence of an alternative source, profitability could be marginal.

34. Water vendors also face a number of constraints related to the service they receive from LSWC. These include prolonged periods of non-supply from LSWC, low pressure in the LSWC mains and poor quality water sometimes supplied by LSWC.

3.3 Incentives to attend to the needs of the poor

35. The intervention does not include explicit incentives for pro-poor service delivery. However, it provides access to water services to large sections of the Lagos population (perhaps 1-2 million persons) who would otherwise be without a water supply. Market forces are however significant in some locations and can have the effect of regulating prices. In areas where vendors are in close proximity, or where there are alternative sources of water, the limited evidence gathered during this study suggests that prices tend to be lower.

3.4 Interests served

36. Water vendors have formed extremely powerful associations that look after their interests. It is also suggested that their influence extends beyond looking after the commercial interests of their members and has a strong party-political dimension. The associations have been successful in extracting significant concessions from government. For example, LSWC has been prevented from raising the monthly charge for water supplied to vendors due to pressure applied by the associations.

37. The intervention, though currently supported by government and LSWC, is not seen by them as serving the long-term interests of government or customers. The Lagos State Government’s ultimate goal is to develop a framework that could stimulate the injection of investment funds and encourage formal large-scale arrangements with the private sector to manage service delivery in Lagos.

3.5 Capacity of control

38. LSWC freely admits that in many areas where water vendors are active it finds it difficult and in some instances, impossible to control their activities. There is generally no attempt to regulate either the prices charged or the quality of water supplied by water vendors. Most LSWC staff interviewed consider that water vendors’ prices are higher than necessary. In some areas, there is the added problem of non-payment by already registered vendors, and in others, there are large numbers of unregistered vendors. One of LSWC’s major problems, even with bona fide vendors is that they sometimes install large capacity pumps that cause significant lowering of water pressure in LSWC’s network to the detriment of the Corporation’s customers within the network area. LSWC also has to contend with vandalism, intimidation of its staff and other forms of criminal behaviour.
39. There are however areas where there is a reasonable degree of cooperation with vendors. In some market areas (for example, Oja-Oba, Pele Wura and Sura) vendors have found it in their own interest to form associations to control the actions of vendors. In such areas, the LSWC is able to collect user fees from vendors and there is less of a problem of unregistered vendors.

40. LSWC does however control entry into the market through a registration and licensing procedure. However, even this is only partially successful. Because of the acute shortage of water and the political influence wielded by vendors, LSWC finds it difficult to refuse applications from prospective vendors. The existence of large numbers of unregistered vendors also points to the limited success of this aspect of regulation.

41. Customers have little or no control over water vendors’ activities. One community leader interviewed in the Sare Iganmu, Orile locality states that the vendors association is so powerful that it has no reason to listen to community representatives and considers that the actions of water vendors are exploitative.

4. SMALL TOWNS WATER SUPPLY AND SANITATION PROGRAMME (STWSSP)

4.1 Case for the intervention

42. Nigeria’s small towns have undergone rapid population growth over recent years as a natural focus for the development of small businesses and transit points for goods and services needed in the rural areas (Small towns are defined here as settlements with a population between 5,000 and 20,000, although some larger towns with poorly developed infrastructure are also included). It is estimated that some 35 - 40 million people (30% - 35% of Nigeria’s population) live in 2,000 - 3,000 small towns. Historically, water and sanitation programs in Nigeria were planned for “urban” or “rural” areas, and small towns were usually neglected.

43. A survey conducted in 1997 concluded that probably less than 10% of small town’s dwellers had access to a safe source of water. In addition, about 75% of households were found to be using unimproved pit latrines. More than 15% of households had no toilet facility.

44. The STWSSP intervention is the Nigerian Government’s response to growing demands from local and state governments for improved services in hitherto neglected small towns. STWSSP recognises the constraints faced by its urban water boards and adopts an approach that focuses on ownership and management by Water Consumer Associations (WCAs) and demand driven approaches to promote sustainability.

4.2 Description of the intervention and providers affected

45. STWSSP seeks to promote and implement a water supply and sanitation delivery programme for small towns in all States (36 in all) and the Federal
Capital Territory (FCT). It has initiated two pilot programmes in six States. The first, (nearing completion and supported by the World Bank) is piloting the approach in 16 small towns in Ebonyi, Katsina and Niger States. The second, recently started and supported by the European Union, is working in 24 towns in Adamawa, Delta and Ekiti States.

46. The programme supports the formation of elected WCAs in each town, to assume ownership of the water and sanitation facilities and be responsible for their operation. The WCA provides 10% of the construction cost through contributions from households. The remainder is met by the Federal Government (60%) and the State Government (30%). A process of mobilisation and sensitisation precedes the construction phase. During this period, the respective communities, facilitated by external consultants and the State and Federal water ministries, choose their technology options and service level. WCAs are also encouraged to set up and maintain bank accounts to meet future operation and maintenance costs.

47. Following construction, the facility is handed over to the WCA. The programme has insisted that each WCA should engage a private service provider to undertake operation and maintenance of the water supply facility on their behalf. These service providers have been appointed based on competitive tendering and are commencing operations in six towns where the construction is now complete (Dandume, Danja and Dan Musa in Katsina States and Doko, Rijau and Wawa in Niger State).

48. STWSSP’s concept and procedures are described in programme implementation guidelines (FMWRD, 1998) developed during the programme preparation phase and are presently being updated in the light of experience from the pilot projects.

4.3 Incentives to attend to the needs of the poor

49. The programme does not incorporate explicit measures to cater for poor people. However, the programme is being viewed as pro-poor since it has resulted in better access to water and sanitation facilities to a large section of Nigeria’s population for which there has been significant under-provision in the past. The fact that control rests at the community level offers some prospect for pro poor measures to be developed without recourse to state or federal subsidy.

4.4 Interests served

50. The STWSSP seeks to serve the interests of communities, the private sector and government.

51. Communities on the other hand are at the centre of the strategy. They own the facilities and have a measure of control over the provision and operation of essential infrastructure that hitherto has not been seen in Nigeria.
52. The private sector interest is significant. Government has insisted that in the interests of sustainability, a precondition for transfer of facilities to communities is that they should engage a private service contractor to undertake operation and maintenance.

53. Government’s political interests are served through the development of a programme that it believes can attract international donor finance and be replicated extensively. There is however, a continuing risk that vested interests within government could threaten the community-centred approach that the STWSSP seeks to promote. For example, attempts by senior individuals within government to influence the competitive process for selection of service providers cannot be ruled out. As Nickson (1997) points out, the potential benefits of competition for the market can be negated by weaknesses inherent in the franchise system including moral hazard, information asymmetry, first mover advantage and corruption.

4.5 Capacity of control

54. STWSSP has sought to strengthen government’s capacity to engage with the communities that ultimately will own the facilities and provide services as well as to support them in project development and operation. At the Federal level, it has developed and supported a Programme Coordinating Unit, responsible for programme formulation and resource mobilisation. In each State, the State Programme Coordinating Units have a more direct role in interacting with and supporting communities in the various aspects of programme development. Within communities, STWSSP has supported the establishment and training of WCAs whose ultimate responsibility it is to operate and maintain the water supply and sanitation facilities.

55. Clients (residents within the communities) may also be judged to have a significant degree of control. WCAs responsible for administration of the infrastructure are elected and are therefore subject to the wishes of their electorates. Furthermore, WCAs are the direct contractual partner of the private sector providers and should therefore be able to exercise some control over their activities.

5. NASARAWA STATE GOVERNMENT: KARU – MARARABA CONCESSION

56. The analysis of this intervention is based on ongoing research (Jawara, 2004).

5.1 Case for the intervention

57. Water production and distribution in all urban centres in Nasarawa State are inadequate. This has resulted in a significant proportion of urban dwellers being without access to a regular water supply. Commercial practice within the Nasarawa State Water Board (NSWB) is poor; with collection: billing ratios as low as 30% in some instances. Revenues collected by NSWB cover only 11% of its cash operating expenditure, with the remainder met by State Government subventions. The intervention has permitted the development of a water supply facility in a previously unserved urban area with private funds
without any capital outlay by government. Furthermore, the State Government
does not subsidise operation and maintenance as these costs are met entirely
from user charges.

5.2 Description of the intervention and the providers affected

58. In 1999, The Nasarawa State Government awarded a concession to supply
water in the Karu- Mararaba area close to Abuja, the capital city, to an
indigenous private company. The area, is one of several unplanned townships
outside the FCT and comprises mostly low - grade informal housing with
inadequate infrastructure. Many of the families that provide the workforce for
the Capital city, unable to afford accommodation in Abuja, live in this and other
similar townships. The concession serves some 15,000 people in an area
previously without a water supply. The majority of the residents in the
concession area are served through public standpipes. Approximately 2% of
families have a private yard or house connection.

59. A joint limited liability concession operating company Riveroaks Utilities
Limited (RUL) was set up with Riveroaks Drake Sweeney (RDS) the
concession holder owning majority (85%) shares and the Nasarawa State
Government (15%). The government was represented on the Board of
Directors of the concession operating company by the General Manager of the
NSWB. RDS (the private majority shareholder in the concession operating
company) financed and constructed the water supply infrastructure at a cost of
₦40 million.

60. RDS, the concession holder saw the involvement of government in the
concession operating company as a means of securing government
assistance in gaining access to land, offering it some measure of protection
from adverse government action and securing government’s financial
participation in investment.

5.3 Incentives to attend to the needs of the poor and service quality

61. The concession arrangements do not include explicit provisions for serving the
poor. However, prior to the concession, the absence of a water supply network
made it necessary for residents to obtain their supplies from water vendors
and water tankers importing water from the neighbouring FCT. The evidence
suggests that the concession has resulted in a general reduction of dry
season prices of between 25% and 50%.

62. The State Government decided not to enforce exclusivity provisions requested
by the concession operator. This may be regarded as a pro poor measure
(Weitz and Franceys, 2003; pp 65-77; PPIAF and WSP, 2002) since it has
encouraged competition and has contributed to keeping prices low.

63. The Karu-Mararaba water supply is more reliable than most publicly run water
systems in Nigeria. However, the network was based on communal taps with a
tap density (taps per capita) much lower than would normally be
recommended. Furthermore, only some 2% of households had a home
connection. This level of service is considered lower than that desired by residents.

64. After a year of operation, RUL outsourced its water retailing activities to local individuals and business entities, resulting in significant changes to its organisational structure. The rationale for the change was that it would: (i) reduce staff costs, (ii) reduce losses from non-revenue water incurred by its staff, and, (iii) improve the quality of service to customers. Service quality would improve because the concession company’s own staff had often not been available to operate the water selling points early in the morning and late at night, when many residents found it convenient to fetch water. Franchisees, on the other hand would have every incentive to make services available as required by customers.

5.4 Interests served

65. The award of concessions for water supply implies a strong private sector interest. The Karu-Mararaba concession is no exception. Here, the concession was awarded without a competitive bidding procedure on the grounds that there was an urgent political requirement to develop a water supply in the concession area following the transition from military to civilian government in 1999.

66. The award of a concession normally offers the concession holder the exclusive right to supply water in a defined area. In Karu-Mararaba, the Nasarawa State Government has however declined to enforce these provisions because the concession operator was serving only a fraction of the area. The government, instead, forced the concession operator to compete with independent sellers of borehole water. While the concession operator sees this move by the State Government as being against its interests, the resulting competition has forced RUL to control its operating costs and at the same time keep prices low. There were however unsuccessful attempts to oblige independent operators to enter into sub concessions with the (RUL). This would effectively give RUL the power to regulate its competitors.

67. The intervention also serves government’s political interest. Government can claim to have brought infrastructure to the area but without having had to make a financial outlay.

5.5 Capacity of control

68. The concession arrangements allow for regulation of technical aspects such as water quality by the NSWB. There are two alternative mechanisms for reporting performance. The first is through an arms length procedure whereby the concession operator would make periodic reports to the regulator and be subject to inspection and audits. The second involves the concessionaire providing information through Board meetings of the joint operating company of which NSWB’s GM is a member. There is a view that NSWB’s membership of the Board of Directors of the concession operating company compromises its independence as Regulator.
69. There is little or no reporting through either mechanism. The regulator has generally not received routine reports, nor have board meetings been held. Representatives of the Government and NSWB state that on the only occasion that RDS submitted a report, this was motivated by its wish to seek an increase in government’s equity participation rather than by the requirement to submit routine reports.

70. The government see the regulation of the tariff as a political issue. It determines NSWB’s tariff and believes that since the concessionaire is carrying out a function that ordinarily would have been NSWB’s responsibility, it should also have political control over the private operator’s tariffs. However, the concession operator seems able to raise and lower its tariffs without prior permission. The government and the Regulator know that this is going on but appear to have generally “turned a blind eye. There are no set performance targets because a written agreement has not been prepared. The concessionaire’s obligations are therefore only vaguely defined.

6. CONCLUSION

6.1 Main themes

Regulation

71. A common theme running through the interventions studied is the low capacity on the part of both policy makers and customers to control NSP activity. The STWSSP case appears to be the exception but since this intervention is in its early stages it is perhaps too early to reach a conclusion.

72. As the Enugu and Lagos interventions show, the cost structures of these seemingly small-scale activities can be complex. The profitability of an NSP can also be sensitive to a number of factors. The presumption that NSPs are charging exploitatively may not therefore always be justified. Attempts at direct price regulation are therefore likely to be extremely difficult particularly when a Regulator or a public utility is faced with a large number of NSPs.

73. Two cases (Lagos and Enugu) include some evidence of self-regulation by NSPs through associations looking after the interests of their members. The impression gained from the evidence is that the safeguarding of commercial interest is much stronger than the desire to set and enforce service standards. It is also apparent from the evidence that the focus of self regulation claimed by NSPs relates to matters that would normally be within the jurisdiction of courts or the police (for example, failure to pay charges, fighting, assault, and connecting illegally to a public water main) rather than regulation of price or water quality. This is perhaps a reflection of the societal and governance settings prevailing in some of the areas studied. This could suggest that self-regulation, though promising as an approach, may have limited potential under certain conditions.
Financing

74. The financing of all or almost all of the capital requirements by the NSPs is a common feature of the Lagos, Enugu and Karu Mararaba cases. These three cases also exhibited the most marked absence of effective regulation by government. This gives rise to the proposition that regulatory effort applied by government may be related to its financial stake in the activity.

6.2 Comparison of experience with hypotheses

75. In this section, the study findings from Nigeria are discussed in relation to some of the general hypotheses put forward in the approach paper.

i. “Lack of sector-based research on policy dialogue, regulation, accountability, facilitation or contracting to benefit the poor”
All four interventions support the hypothesis. In Lagos and Enugu, there appeared to be some potential for self-regulation. However, limited advantage appears to have been taken of this opportunity. All cases also point to the need for additional research on appropriate regulatory structures that could enable government and customers to exercise effective control.

ii. Ethical and ideological significance / political salience of decisions about the boundaries of public, private and donor action”
Insufficient data

iii. Economic and political characteristics of service sectors
The Lagos and Karu-Mararaba cases both suggest that economic factors influence the behaviour of NSPs. In Lagos and Karu-Mararaba, NSPs located close to competitors, or to an alternative free source of water were forced to keep prices low. For similar reasons, prices tended to fall during the rainy seasons.

iv. Blurring of boundaries between public and private sectors
There is a perception on the part of the public in the Enugu case of connivance between public officials and NSPs. In Lagos, it is NSPs that are widely perceived to be engaged in rent-seeking behaviour by the authorities and customers. In the Karu-Mararaba and STWSSP cases where there are clearer public-NSP boundaries, the existence of rent-seeking behaviour is less obvious, though not necessarily absent.

v. Basis of positive dialogue or intervention
The Karu-Mararaba and STWSSP cases represent de jure recognition of NSPs. In the Karu-Mararaba case, the concession arrangements have remained in place for four years and appear to have every chance of continuing in the future. This is despite the lack of a written contract agreement between the parties. Interactions between communities and NSPs in the STWSSP are in the early stages. Contract negotiations have been concluded successfully in five of the six towns and contracts are expected to be awarded in the near future.

The Enugu and Lagos cases on the other hand represent de facto recognition. In both instances, particularly in Lagos, tensions between the authorities and the NSPs are evident, with relationships characterised by deep mistrust on both sides.
vi. Formal, higher quality provision and illicit or semi-licit provision
Insufficient data

vii. States that fail to provide public services are likely also to be states that do not have the capacity to support or regulate NSPs
The Lagos, Enugu and Karu - Mararaba interventions provide support for this hypothesis, particularly with respect to regulation. All three interventions have arisen because of the failure of state provision. In all three cases, the lack of capacity to regulate NSPs is clear. The STWSSP case however indicates that where government makes a deliberate attempt to support NSP activity, it is possible to develop some capacity to support NSPs.

viii. Small and informal (i.e. illicit or semi-licit) NSPs usually offer a high cost, low quality substitute for formal public or private provision to poor people
Insufficient data

ix. 'Unfriendly' regulation by government of small providers
The Lagos case provides some support for this hypothesis. Here government’s only opportunity to exercise regulatory influence is with respect to entry into the market. The evidence suggests that entry costs are not related to the scale of the NSPs operations and therefore can be particularly high, for the smaller operators in less lucrative areas.

x. Regulation of entry and regulation of the quality and accessibility of providers’ services
All four cases provide evidence of some form of regulation of entry to markets and therefore support the hypothesis. In the Enugu and Lagos cases, entry into the market by NSPs was governed by registration / licensing. In the STWSSP case, regulation of entry took place through the process of competitive tendering. In the Karu Mararaba case, entry into the market was through negotiation and award to a single project promoter.

The evidence from the Lagos, Enugu and Karu- Mararaba cases suggest that once into the market, all three NSPs were left to their own devices. STWSSP’s private service providers will be regulated on price based on bids submitted in competition. It is however too early to judge how successful this will be.

xi. Regulation of small providers is difficult.
The range of cases studied in Nigeria support this. All four cases support a further proposition that even where the NSPs are recognised by the authorities, the regulation of their activities after entry into the market remains difficult.

xii. Quality and accessibility of services better achieved by strengthening operation of markets rather than by regulation
The Karu-Mararaba intervention illustrates that even where the state’s capacity to regulate is inadequate, competition in market can, in certain situations; act as a reasonably effective proxy for regulation. Here, the government’s unwillingness to enforce exclusivity provisions requested by the NSP has resulted in stable prices and forced the NSP to periodically lower its prices in response to its competitors’ pricing actions.
xiii. Replication of community management requires sustained external facilitation
The STWSSP intervention, now at the pilot stage, seeks to introduce a radical reform in the way services are delivered to Nigeria’s small town inhabitants. The pilot phase is receiving substantial donor support (funding, external consultants and setting up government support structures for communities). This external facilitation is essential if new concepts are to be introduced. Active involvement by donors could also have the effect of holding in check, the actions of those with vested interests that run counter to the programme’s ideals.

xiv. Conditions for effective contracting
Insufficient data

xv. The maintenance of effective long-term partnership arrangements
Insufficient data

6.3 Policy implications

76. In Nigeria, the development of policy with regard to engagement with the non-state sector is ongoing. In Lagos for example, the government is proactive in seeking to engage with the non-state sector in the provision of services. There are similar initiatives in other states participating in the Urban Water Sector Reform Programme. However, the focus is on formal large-scale arrangements with the prospect of attracting private finance.

77. Policy development with respect to direct engagement with smaller scale NSPs is a more distant prospect. What seems more likely is that smaller NSPs will only be brought within the bounds of regulatory systems when formal arrangements are in place. In Karu – Mararaba for example, the State Government sought to formalise the activities of small-scale sellers of borehole water by requiring them to be subject to the control of the concession operator.

6.4 Potential for replication

78. The Enugu and Lagos cases appear to offer limited scope for replication. Here, the authorities are unwilling to contemplate any initiative that would strengthen the NSPs studied. In both instances, the hope is that either an infusion of capital investment or arrangements with a formal private sector provider will wipe out the current NSPs.

79. The Karu-Mararaba intervention does appear to have some potential for replication. However, the model is by no means generally applicable, even within Nigeria. It will probably operate most successfully in urban areas where the profit potential is high and will require explicit government support.

80. The STWSSP case may have a high potential for replication. The programme has developed and documented an approach and is testing and refining it through piloting. In addition, it has developed permanent support structures at the federal and state levels that offer some prospect for long-term engagement. However, the approach will also require continued external
support in order to promote its radical concepts (demand responsive provision and community ownership).

6.5 Institutional capacity

81. The capacity of the state to intervene effectively with NSPs is affected primarily by the degree of deliberation by government in its engagement with NSPs. Where government has been forced into engagement, (Lagos and Enugu) it has found itself ill equipped to engage constructively and provide an adequate regulatory framework. Deliberate engagement does not necessarily guarantee a high capacity to regulate NSP activity as the Karu-Mararaba case demonstrates. The STWSSP case does however indicate that where government presents itself as a partner and helps to develop support and capacity building mechanisms and structures there is some prospect for constructive engagement with the non-state sector.

6.6 Suggestions for further research

82. The regulation of NSP activity using an enforcement approach is difficult and perhaps inappropriate, particularly where there are numerous small-scale providers. However, the evidence from this study suggests that competitive characteristics do exist in some low-income urban areas. Further work is required to develop new approaches to regulation of NSP activity that take into account the potential for competition within the market, but also recognise governments’ limitations.
7. REFERENCES


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